FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,189 — Tuesday December 6 1983 — D 8523 B

Spanish economy struggles to catch up, Page 18

NEWS SUMMARY

GENERAL

Soviets threaten a new walkout

Three leading Soviet officials accused the U.S. and its Nato allies on Moscow television of causing the Soviet walkout from the Geneva intermediate nuclear force talks, and hinted that the Soviet Union was also considering abandoning the strategic arms talks (Start).

Deputy Foreign Minister Georgi Kornienko said the responsibility lay with the U.S. and those who allowed the deployment of U.S. missiles in Europe.

Another official confirmed that Soviet leader Yuri Andropov was getting better and was tackling party and state business in full. Page 20

Flick charges made

Indictments had been served on all the accused in West Germany's Flick affair corruption case, except for Economics Minister Count Otto Lambsdorff, said a defence lawyer.

Walesa plea to West

Polish workers' leader Lech Walesa appealed for an end to Western economic sanctions imposed on Poland when martial law was introduced in 1981. He said they had fulfilled their propaganda aim and there was no point in continuing them. His wife Danuta is due to leave for Oslo to receive the Nobel Peace Prize on his behalf on Saturday. Page 2

Polish arrests

Polish authorities announced the arrests of two alleged U.S. spies and accused the Warsaw embassies of some Nato countries of conducting intelligence activities and subversion.

Lusinchi claims win

Venezuelan presidential candidate Jaime Lusinchi and his Acción Democrática party claimed an overwhelming victory in the country's elections, saying that 48 per cent of the registered voters actually voted for them. Profile, Page 4

Dumping inquiry

UK Government has agreed to an independent inquiry into the dumping of low-level radioactive waste at sea. Page 8

Gowon welcomed

Former Nigerian military ruler Yakubu Gowon was given a warm welcome when he returned after eight years of exile in Britain.

Bokassa unwelcome

Deposed Central African Republic leader Jean-Bedel Bokassa, who left his exile in Ivory Coast, arrived in Paris, hoping to stay in France. But France wants him to leave.

Kenya-Tanzania swap

Kenya has exchanged two Tanzanians charged with treason for two Kenyans accused of taking part in a coup bid. UN officials say the deal may have violated international law forbidding the repatriation of political refugees likely to face prosecution in their country of origin.

Seychelles explains

Seychelles Government said the organisers of a plot to overthrow it, uncovered last week in South Africa, hoped to attract backing from Hong Kong businessmen seeking a haven.

Arms for Malta

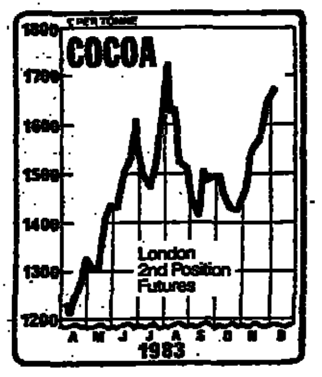
Malta's opposition and Nationalist Party leader Dr Eddie Fenech Adami said that North Korea had agreed to supply Malta with free arms.

BUSINESS

Tension pushes dollar to records

● DOLLAR reached record highs against several European currencies, including sterling, after tension rose in the Middle East. Its Bank of England trade-weighted index rose from 128.8 to 129.7 and it went up to a 10-year peak of DM 2.7435 (from DM 2.713), a record FFr 8.3175 (FFr 8.245), SwFr 2.1885 (SwFr 2.174), and Y235.95 (Y233.5). In New York it closed at DM 2.7385, SwFr 2.1860, Y234.7 and FFr 8.320. Volcker tries to allay fears, Page 20. Currencies, Page 37

● STERLING lost 1.10c from Friday for a record low close of \$1.4455. It was firm against other currencies, rising to DM 3.975 (DM 3.955), FFr 12.04 (FFr 12.005), SwFr 3.1725 (SwFr 3.1675) and Y340.75 (Y340.25). In New York it closed at \$1.4485. Its trade weighting went up from 82.9 to 83.1. Page 37



● COCOA and coffee prices in London were boosted by sterling's fall against the dollar. The March cocoa quotation ended £39 up at £1,677.5 (\$2,424.8) a tonne. Page 36

● GOLD fell \$1 in London to \$397.375. In Frankfurt it fell \$3.5 to \$397.25, and in Zurich it dropped \$1.25 to \$397.875. In New York, the Comex December close was \$399 (\$398.7). Page 36

● LONDON: FT Industrial Ordinary index was 0.7 up at 742. Government securities showed modest falls. Report, FT Shares Information Service, Pages 31–33

● *WALL STREET*: Dow Jones Industrial Average closed 5.29 up at 1,270.53. Report, Page 27. Full share listings, Pages 28–30.

● TOKYO: Nikkei Dow index closed 38.63 up at 9,445.13 Stock Exchange index rose 3.72 to 698.81. Report, Page 27. Leading prices, other exchanges, Page 30

● IRAN is asking Opec for a return of the benchmark price of \$34 for a barrel of oil.

● BELL CANADA ENTERPRISES has agreed to pay C\$167m cash (\$134m) for Dome Petroleum's 11.8 per cent of utility group TransCanada PipeLines, which is thus valued at C\$1.42bn, and is making the offer to all shareholders. Page 20

● PETROFINA, the Brussels-based oil group, is to take a 50 per cent stake in the Appalachian coal interests of Amax, the U.S. natural resources company, to develop them together. Page 25

● AMERICAN STANDARD, U.S. bathroom fixtures maker, is to buy Trane, which makes airconditioning equipment, in a two-stage deal worth at least \$500m. Page 21

● PPG, U.S. paints group, has agreed to buy 65 per cent of IVI, the Fiat of Italy paint subsidiary, for more than \$100m. Page 21

● SWEDISH MATCH is proposing to exchange most of its property for a 19 per cent interest in Stockholm property group Hufvudstaden in a deal worth about SKr 650m (\$81.9m). Page 21

● THYSSEN, the West German industrial group which is Europe's largest private steelmaker, will not pay a dividend for the year ended September, although it did so in its two previous, loss-making years. Page 21

Summit deadlock looms in wake of French-UK row

BY JOHN WYLES AND PAUL CHEESERIGHT IN ATHENS

European Community heads of government were struggling last night to avoid the failure of their Athens summit after a day of high tension between France and Britain over budgetary and agricultural issues.

As the leaders departed for further discussions over dinner, Mrs Margaret Thatcher, the British Prime Minister, appeared resigned to the possibility of the summit's ending in deadlock today.

Her spokesman said that the meeting could not "be reasonably described as responsible" in its attempt to get to grips with agricultural over-production. There had even been an attempt, he said, to move away from the commitment made at the last EEC summit in Stuttgart in June to reach a durable and lasting settlement of Britain's EEC budget payments problem.

He was referring to the surprise intervention of French President François Mitterrand late yesterday morning. That came at a point when negotiations were already running into difficulties and for several hours robbed the summit of any momentum at all.

Accusing the British of "tiring the Community," M Mitterrand appeared to abandon earlier French support for a long-term solution to Britain's EEC budget payments. The summit, he said, should look for another temporary deal lasting "a year or two."

Mrs Thatcher and her officials were astounded by M Mitterrand's broadside and fearful that it signalled a French attempt to torpedo the summit. Pointing out that France had been actively participating for the last six months in the search for a long-term solution, a British official added: "I do not think that they are treating the problem seriously; this is not a serious contribution."

For much of the afternoon, the Zappion Palace, where the summit is being held was buzzing with speculation about M Mitterrand's statement. Some delegations thought it a tactical move designed to warn Mrs Thatcher of the consequences of her allegedly "rigid" approach while others saw it as a reversal of French policy.

The French President and his spokesman offered no clues but M Mitterrand intervened in the late afternoon to call for an adjournment when the negotiations appeared totally becalmed. Mrs Thatcher consulted her advisers while M Mitterrand met Chancellor Helmut Kohl of West Germany to review a summit that seemed to be teetering on the brink of breakdown.

After a brief resumption, the heads of government left for dinner and planned to resume the budgetary discussions afterwards.

The litmus test of the French approach seems likely to be M Mitterrand's reaction to a budget settlement proposal by the West German Foreign Minister, Herr Hans-Dietrich Genscher. That resembles British ideas for a "safety net" de-

Continued on Page 20

Syrians to hold U.S. pilot 'until marines withdraw'

By Our Foreign Staff

U.S. FORCES will have to leave Lebanon before Syria hands over an American pilot captured during Sunday's U.S. air strike against Syrian positions in Lebanon, Syria said yesterday. But the body of another U.S. pilot would be returned.

Syria's defiant gesture came after a car bomb exploded in central Beirut, killing at least 14 people and wounding over 80.

It coincided with a reaffirmation of support for the Syrian Government from the Soviet Union, which has 7,000 advisers with the Syrian armed forces.

In the aftermath of Sunday's raid, eight U.S. marines were killed after their positions at Beirut airport came under shell fire from the nearby Chouf mountains, said to have been the heaviest bombardment the marines have experienced since their arrival in Beirut 16 months ago. U.S. Navy warships offshore from Beirut returned fire.

No group had claimed responsibility for the latest car bomb attack by last night.

In Moscow, Mr Nikolai Ogarkov, the Soviet Armed Forces Chief of Staff, and Mr Leonid Zamyatin, a Kremlin spokesman, condemned Sunday's raid by the Americans, which resulted, according to the U.S., in two U.S. aircraft being shot down (Syria claims to have destroyed three aircraft).

"It is another of the acts of banditry and aggression being carried out for more than a year now by Israeli forces with the assistance of the U.S. armed forces," Mr Zamyatin said.

At the United Nations, the Secretary General, Sr Javier Pérez de Cuellar, called for a general halt to hostilities in Lebanon lest the situation there lead to a serious conflict.

In a statement he said: "I now earnestly appeal to all the parties involved to refrain forthwith from the use of force."

The increased tension in Lebanon caused concern among U.S. allies. There was a stormy debate in the British House of Commons, but Mr Malcom Rifkind, the junior Foreign Office minister, emphasised that Britain intended to maintain its contingent of the multinational peacekeeping force. Britain has a force of 107 men.

Sig Bettino Craxi, the Italian Prime Minister, was not so san-

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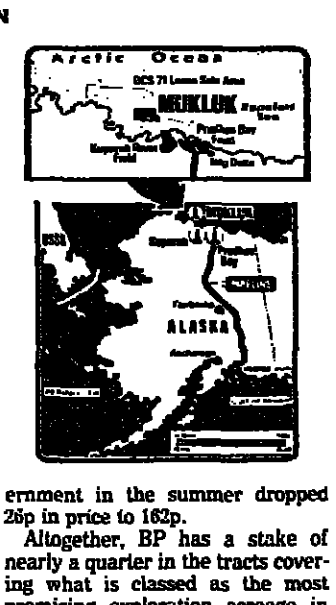
Lebanon on the brink of disintegration; U.S. loses face, Page 4

Sohio strikes water in key Alaskan well

BY RICHARD JOHNS IN LONDON



SOHIO'S MUKLUK well off the coast of Alaska's North Slope, the most expensive ever drilled, with an eventual cost of about \$130m, has struck water in one of two crucial geological strata.

The company announced from its Cleveland headquarters yesterday that drilling had been halted at a depth of 8,145 ft after penetrating its primary objective but short of another formation, where there were also considered to be excellent prospects.

Full analysis of the structure will have to await completion of the well to a depth of 9,700 ft, but all the indications seem to be that it is a dry hole.

In London, Mr Peter Walters, chairman of British Petroleum, which has a 7 per cent interest in the venture, commented that data so far available indicated "a disappointing well by any of our standards." On Wall Street, Sohio shares closed \$2¼ down at \$43⅜ after heavy trading. Shares of other Mukluk partners also lost ground.

BP's shares fell on the London Stock Exchange by 24p during the day's trading to 293p. The partly paid shares sold by the British Government in the summer dropped 26p in price to 162p.

Altogether, BP has a stake of nearly a quarter in the tracts covering what is classed as the most promising exploration acreage in the U.S. because of its 53 per cent majority ownership of Sohio.

Sohio has a 31.4 per cent share in the exploration venture, having

Continued on Page 20

UK Forties Field development, Page 6

Dutch unions stop public-sector action

BY WALTER ELLIS IN AMSTERDAM

THE SIX-WEEK campaign of disruption by public sector workers in the Netherlands against the Government's decision to cut their wages by 3 per cent from January 1 ended yesterday in defeat for the trade unions.

Abva Kabo, the union which spearheaded the campaign, called off all strikes and other action yesterday, but warned that fresh protests would be mounted next year if government plans for further pay cuts in 1985 and 1986 went ahead.

The collapse of the various protest actions was brought about by the determination of the centre-right Government of Mr Ruud Lubbers to push through its austerity programme.

The Dutch Government is the only administration in Europe to have imposed pay cuts as distinct from wage freezes. The reduction in public sector incomes is seen as crucial to the Cabinet's intention of bringing public borrowing down from this year's expected level of 12.5 per cent of net national income to 7.4 per cent by 1986.

The Government was aided in its determination by the unwillingness of the courts to endorse prolonged disruption. Judges were called in on six occasions to rule on the legality or reasonableness of protest actions. Five times they came down against the unions. This continual shackling of public employees by the judiciary had an important cumulative effect on the campaign.

Early on in the protest campaign, Mr Frederik Korthals Althes, the Justice Minister, successfully sought a court injunction against the operation of a work-to-rule by the police.

Money markets, Page 37

Japan suspends export credit cover for Brazil

BY OUR FOREIGN STAFF

THE Japanese Government has suspended export credit insurance coverage for Brazil because of the South American country's worsening debt crisis.

The decision coincides with a general tightening up on cover for Brazil by other export insurance agencies, all of which face increasing claims by clients against contract defaults in debtor nations.

The move further clouds Western governments' implementation of a \$2.5bn provision of fresh export credits as part of Brazil's overall \$11bn IMF-organised rescue package.

The U.S. has committed \$1.5bn of these fresh credits, but other governments, including Britain's, appear reluctant to increase their exposure.

An official of the Japanese Ministry of International Trade and Industry (Miti) said trading houses and plant construction companies had been told of the move, which comes after Miti's decision to invoke Japan's Export Insurance Special Account Act. This provides for a ban on export insurance coverage for shipments to countries rescheduling their debts.

Britain's Export Credits Guarantee Department said it had recently suspended all medium-term and long-term coverage for Brazil. Short-term coverage, up to six months, is maintained but at a special surcharge.

West Germany's Hermes agency also suspended medium and long-term coverage for Brazil, and now provides export credit insurance for up to one year. It is understood that the Government does not plan to terminate cover.

A Cabinet decision earlier this year said insurance should not be blocked totally to countries whose debts were being rescheduled with the help of the International Monetary Fund (IMF) and private banks.

The Cabinet stressed that Hermes coverage should not only consider credit risks, but employment and broad economic benefits in Germany as a trading partner.

Hermes recently increased its premiums by about 40 per cent, effective in April, 1984, because of the world debt crisis.

Switzerland's Export Risk Guarantee System (ERG) is providing short-term coverage.

Eurobraz agrees to Brazil loan, Page 4

Allianz plans to outbid BAT's £913m offer for Eagle Star

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

ALLIANZ VERSICHERUNG, West Germany's largest insurer, yesterday revealed that it planned to offer more than £913m (\$1.32bn) for Eagle Star Holdings, one of Britain's largest insurance groups. But Allianz has decided not to disclose its offer until it has had further meetings with the Eagle Star board, which has so far resisted its approaches.

The move surprised the City, which expected Allianz to declare the terms of its latest offer for Eagle Star at the start of trading on the stock market. The offer was expected to beat comfortably an offer worth £913m from BAT Industries, which is already the biggest takeover mounted in the UK in cash terms. Eagle Star has already recommended the BAT offer, worth 860p per share, to its shareholders in the absence of a higher offer from Allianz.

As the auction for Eagle Star continued yesterday the share price of the British insurer rose 4p on the stock market to 702p, valuing the group at £971m.

Sir Denis Mountain, chairman of Eagle Star, said yesterday: "Certainly we will have to recommend the highest offer. Obviously the shareholders will expect the board to recommend the highest offer."

Allianz will meet the Eagle Star board this Thursday. It will discuss the terms "upon which the board of Eagle Star would be prepared to recommend an increased offer by Allianz." Allianz's last offer for Eagle Star was worth 650p per share.

In Thursday's discussions Allianz will deal with the following points:

- An examination of future working relationships if the two groups are merged;
- A review of the alternative forms of consideration which may be offered for Eagle Star as an alternative to the cash offer already made;
- Proposals with a regard to a capital reorganisation of Eagle Star;
- Appropriate assurances which Allianz is prepared to give regarding the future of the Eagle Star Group, its employees and policyholders.

Although Allianz wants to gain the support of the Eagle Star board for any offer which it makes, it said yesterday that whatever happens following the discussions it "will in any event increase its offer for Eagle Star above the level of the current offer by BAT Industries."

Sir Denis Mountain added: "Anything that is said on Thursday will be subject to my board agreeing or not agreeing." He had been telephoned on Friday night for a new meeting to discuss a further offer. Sir Denis said he agreed "as a matter of courtesy," commenting, "I always listen."

Both Lazard Bros and Hill Samuel, the merchant banks who are advising BAT Industries and Eagle Star respectively have been in contact with the Panel on Takeovers and Mergers, which monitors all takeovers of public companies in the UK, to ensure that the takeover code is being followed. The Takeover Panel is understood to have fully approved the statement by Allianz yesterday.

CONTENTS

EUROPEAN NEWS

Spanish newpapers urge inquiry into Rumasa verdict leak

BY DAVID WHITE IN MADRID

SPANISH newspapers yesterday called for an investigation into leaks about the Constitutional Court's crucial verdict on the Rumasa affair.

The court was expected to deliver its decision officially later this week. A report in the respected Madrid daily El Pais at the weekend stated that the court had vindicated the Government's action in expropriating the wide-ranging business group, thanks to a casting vote by the presiding judge of the 2-man constitutional body.

The court was charged nine months ago by opposition members of parliament to determine whether the Government was within its constitutional rights when it seized the Rumasa group's entire holdings by decree in February.

The case has given rise to allegations of pressure by the Government on the court, the country's top legal body.

Senor Jose Maria Ruiz Mateos, former chairman of Rumasa, said in London that "this way of doing things" would have "unsuspected consequences."

The opposition daily ABC, which also published the leak on Sunday, charged it was "alarmed that the Constitutional Court — a cornerstone in the establishment of Spanish democracy — should discredit itself at a critical moment such as this."

It demanded disciplinary action in the event of one of the judges having broken his oath of secrecy, or else an explanation of how the leak could otherwise have occurred.

El Pais has close relations with a number of government authorities, including some former staff members who are now Ministry spokesmen in the Socialist administration.

The controversy over the leaks, as well as the reported tied vote of the tribunal, as to the constitutionality of the expropriation decree, had significantly affected the impact of what otherwise appears to be a Government victory.

Once having cleared the obstacle of the Constitutional Court, the Government would be able to proceed with selling off parts of the Rumasa group's holdings in industry, tourism, department stores, and other activities.

A number of applications have already been made by Spanish and foreign companies

Struggle, Page18

Veil may lead joint poll fight

By David Housego in Paris

MME SIMONE VEIL, one of France's most popular politicians and a former president of the European Parliament, seems likely to head a joint list of candidates fielded by the French centre and right-wing opposition parties in the European elections next June.

Her participation could immeasurably improve the opposition's prospects in elections which it hopes to transform into a vote of censure on President Francois Mitterrand's administration.

Public opinion is increasingly fed up with the rivalry between the main opposition leaders which seemed likely to continue through the elections. In heading a joint list, Mme Veil is also adding her name as a serious contender for the presidency in 1988.

Her candidacy became possible after the centrist UDF party of former President Valery Giscard d'Estaing, indicated that it was dropping its insistence on fighting a campaign separate from the neo-Gaullist RPR, led by M Jacques Chirac.

Earlier this year the UDF said it would draw up a separate list and asked Mme Veil to lead it. She, however, has made it increasingly clear that she would only head a joint opposition list.

Le Monde to lay off 100

BY DAVID HOUSEGO IN PARIS

LE MONDE, France's leading daily newspaper, announced yesterday that it was laying off about 100 staff in further cost-cutting measures designed to stem the newspaper's losses.

The newpaper recorded a FFr 18m ($2.2m) loss last year after its circulation fell by 35,000 to about 400,000. In an editorial yesterday M Andre Laurens, the editor, said that losses would continue this year, and into 1984 and 1985 unless measures were taken to reverse the trend.

The staff to be laid off include journalists, administrative personnel, and print and office workers. The new redundancies follow a cutback in staff this year of some 50 people and other cost-saving measures. These include non-payment of the annual bonuses and a clampdown on expenses.

Although virtually all other French national newspapers are in the red as well, Le Monde's independent legal status prevents it from accepting financial help from the state or the private sector, a course open to most other newspapers.

Liberation, the independent daily to which Le Monde has been losing readers, last year raised new capital from private business, and the left-wing Le Matin has also bolstered its revenues through a contract with the state-owned publicity agency Havas.

M Laurens said yesterday that cutbacks in expenses were no longer sufficient and the newspaper had to reduce its wage costs.

What is most worrying for Le Monde is that it has been losing readers among the young and the managerial class that were once the source of its strength.

Bokassa finds cold comfort in France

BY DAVID MARSH IN PARIS

THE FRENCH Government's diplomatic machinery last night was working flat out to explore the chances of showing the door to one of the most unwelcome guests of this year's booming Paris tourist season – ex-Emperor Bokassa of the Central African Republic.

M Claude Cheysson, Foreign Minister, gave the Emperor – who had been living for the last four years in semi-palatial exile in the Ivory Coast – an anything but enthusiastic welcome.

The Emperor, whose gifts of diamonds to M Valery Giscard d'Estaing contributed greatly to the ex-president's electoral downfall in May 1981, gained considerable notoriety for his part in the massacre of schoolchildren in the central African country in 1979.

Claiming that France had always been his "second home", he declared graciously yesterday that he would decline all offers of taking up asylum abroad.

Walesa calls on West to end sanctions against Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESA, leader of Poland's Solidarity movement, yesterday appealed for an end to Western economic sanctions against his country. They had fulfilled their propaganda aim and there was "no point in continuing them."

Speaking in Gdansk shortly before his wife flies to Oslo to receive his Nobel Peace prize, Mr Walesa said: "Sanctions should be ended because what Poland needs now is not losses of millions of dollars but aid of millions of dollars."

In a weekend speech, General Wojciech Jaruzelski, the country's military leader, said it was sickening that some Poles continued to support Western sanctions, introduced following the imposition of martial law. The government newspaper, Rzeczpospolita, complained yesterday—before Mr Walesa's news conference—that while there was some questioning in the West of sanctions, "leaders of our opposition, headed by Walesa, have never had any doubts" about continuing them.

Polish bishops called recently for normal relations "with all countries" in a clear rebuttal of sanctions. Yesterday, true to his moderate line, Mr Walesa again said he hoped for talks with the government. He said his stance on sanctions was in line with the views of the Solidarity underground leadership, but admitted he might be criticised for his appeal.

Nuclear missiles in Europe and the Middle East crisis, are expected to dominate talks which began yesterday in Moscow between Italy's Communist Party and Soviet politburo members, writes James Buxton in Rome.

The Italian delegation is the most senior to hold discussions in Moscow since the Italian and Soviet parties fell out over martial law in Poland.

A few hours earlier, General Czeslaw Kiszczak, the Interior Minister, claimed in Parliament that there were 217 political prisoners in Poland and no organised underground, but "only isolated groups." He also disclosed that two men had been arrested last month for alleged spying for the U.S.—one a Polish scientist, the other a West German in Poland on business.

Yesterday, Mr Stanislaw Nieckarz, the Finance Minister, presented to Parliament a low key assessment of Poland's hard currency balance of payments prospects for next year, including the raising of a mere $200m in medium and long term credits.

To judge from his speech, Poland will press the Paris club of 16 Western creditor governments to drop all economic sanctions, to resume trading on normal credit terms, and for access to the IMF to accompany a rescheduling agreement.

According to Mr Nieckarz, Poland's hard currency debt, which includes Soviet and Comecon bank dollar loans, will stand at $27.8bn at the end of this year, rising to $29.4bn at the end of 1984.

East Germany hopeful on Soviet-U.S. missile talks

BY LESLIE COLITT IN BERLIN

EAST GERMANY is relatively optimistic that Soviet-U.S. disarmament talks will achieve success despite the breakdown of the Geneva missile negotiations. The East German Communist Party said yesterday it aimed to "limit the damage as much as possible."

The East German view appears to contrast sharply with the deep pessimism expressed in Moscow yesterday over the outlook for disarmament and East-West relations.

A commentary yesterday in the main East German Communist newspaper, Neues Deutschland, said the East German leadership does not "rule out the possibilty" that there will be progress "sooner or later" in the disarmament negotiations and that détente will continue.

The newspaper added that East Germany will give careful study to every "sensible proposal" from West Germany, to bring their bilateral relations on to a "normal track."

In fact relations between the two countries have seldom been as good in the 34 years since their founding. East European experts on Germany say Moscow has told East Berlin to continue with its benign approach towards Bonn as part of the Warsaw Pact's long-term policy.

● East Germany released 83 political prisoners to West Germany late last week in return for payment from Bonn averaging DM 40,000 (about £10,000) per person. More than 1,000 political prisoners—including some West Germans—are to be released this year.

Bonn and London to urge new East-West dialogue

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN BRUSSELS

BRITAIN AND West Germany are expected to make a major appeal to their Nato allies to accompany their deterrent policies with renewed attempts to achieve political dialogue with the Soviet Union.

Both Governments feel that the Western Alliance should take the initiative in promoting what Herr Genscher, the West German Foreign Miinster called at the weekend a "new attempt at bringing about a comprehensive long-term and viable form of detente with the Soviet Union."

Herr Genscher is to appeal for what he called a "wider-ranging system of detente" when Nato Foreign Ministers meet here on Thursday. He noted in his weekend statement that such a result was "almost inconceivable without regulated and improved American-Soviet relations."

British officials expect Sir Geoffrey Howe to take a similar line. Though they insist that such initiative will not be taken in any spirit of confrontation with the U.S., there is no doubting European anxieties here at the evident deterioration in U.S.-Soviet relations.

Yesterday evening European Defence Ministers were to meet over dinner to discuss European views of critical questions within the alliance. These include the possibility of using the forthcoming security conference in Stockholm—the follow-on from the Madrid Conference on Security and Co-operation in Europe which includes 35 Western and Eastern bloc countries—as means of getting an East-West political dialogue restarted.

This afternoon European Ministers will be joined by their U.S. and Canadian colleagues for a meeting of Nato's full defence planning committee.

Belgian Cabinet approves fresh spending cuts

BY IVO DAWNAY IN BRUSSELS

THE BELGIAN Cabinet has approved a new package of measures aimed at relieving pressures on the steel industry and further reducing public expenditure.

The new measures, details of which are still emerging, now go to the Council of State for endorsement within the next eight working days. Although some opposition is expected from the regions, M. Wilfried Martens, the Prime Minister, has said he expects any problems can be overcome.

The package includes:

● Agreement in principle to to allow stel companies to issue non-voting shares, subject in each case to Cabinet approval.

● Abolition of the OPI, the Government's industrial promotion body, by January 1. Responsibility for overseeing OPI initiatives will be transferred to regional authorities.

● Approval of a scheme to limit salaries and working hours for newly-recruited public-sector employees in certain sectors to four-fifths of current rates for the first year of employment.

● A number of additional measures to reduce spending on social security, particularly obligatory health insurance funds, and cuts in expenditure on scientific research establishments, galleries and museums.

Details of plans to aid other industrial sectors, including shipbuilding, coal and textiles, are expected shortly.

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EUROPEAN NEWS

Cyprus issue changes attitudes as Brussels meeting starts

Nato's black sheep woos the West

BY ANDRIANA IERODIACONOU IN ATHENS

ANDREAS PAPANDREOU

TURGUT OZAL

FOR NEARLY two years Greece has been an asterisk at the bottom of every Nato communique. Since its Socialist Prime Minister Dr Andreas Papandreou, who is committed to a neutralist foreign policy came to power, he has dissociated himself from the alliance on every East-West issue, ranging from Poland, the deployment of nuclear missiles in Europe to the shooting down by the Soviet Union of the South Korean airliner.

Memories are still fresh in Brussels of the December 1981 Nato Defence and Foreign Ministers' meeting, where Dr Papandreou prevented the issue of a joint communique for the first time in the organisation's history. He demanded that it should incorporate a guarantee of Greek security against what Athens believes to be a Turkish threat in the Aegean Sea.

Greece has upset its Nato partners by pulling out of virtually every joint exercise in the Aegean which involves Turkey. The last time this happened, in October, Dr Papandreou accused the alliance of favouring Turkey at the expense of Greece, and warned that while his Government would not actually pull out of Nato, Greek participation in its military wing has "essentially lapsed."

The declaration last month by Turkish Cypriots of an independent state in the north of Cyprus, which has been occupied by Turkish troops since 1974, is likely to put Dr. Papandreou into an even more confrontationist mood at this week's meeting of Nato Foreign and Defence Ministers.

For two years he has argued that the other Nato partners must treat as an alliance problem, not a kitchen quarrel, the bitter dispute over operational control of the continental shelf and territorial rights in the Aegean, in which Greece and Turkey have been locked since the mid-1970s.

The dispute is a legacy of the 1974 Cyprus crisis, when Turkey invaded and occupied a third of Cyprus following a coup organised by the then Athens military regime against the Makarios Government in Nicosia. Dr Papandreou also believes that the alliance has a responsibility in Cyprus because Turkey used Nato weapons for the invasion and occupation of the island.

The arrival of the U.S. nuclear missiles in Britain and West Germany will also contribute to Greece's likely hard line this week. Dr Papandreou must take account of a watchful and nationalistic domestic audience, and on the missiles issue, he will be casting an eye over his shoulder at the pro-Moscow Greek Communist opposition. The Communists, powerful in the trade unions, have been kept docile largely through Dr Papandreou's pro-Soviet stand on East-West issues.

But other considerations might temper Dr Papandreou's attitude. He knows that an appeal for sanctions or a condemnation of Ankara over the Cyprus issue — Greeks firmly believe that Ankara gave the Turkish Cypriots the green light for the move — will run up against the Turkish right of veto.

The Greek leader has set up special meetings on the margins of the Athens EEC summit and the Nato Ministers' meeting with Mrs Margaret Thatcher, the British Prime Minister, and Mr George Shultz the U.S. Secretary of State, to try to woo Western support over the Cyprus issue. Mr Constantine Karamanlis, the Greek President a significant political force behind the scenes, strongly believes that progress in Cyprus can only be achieved with Western help.

Dr Papandreou himself is known to have been dismayed and disappointed by the slowness of the Soviet Union and the East bloc countries to condemn the declaration of independence. In a letter to Mr Yuri Andropov, the Soviet leader, this weekend, he criticised the Soviet Union's plans to step up nuclear missile deployment in a reaction to the arrival of Pershing II and cruise missiles in Europe. This is the first time he has taken a negative attitude towards Moscow on the issues of nuclear disarmament.

The Greek Prime Minister's performance in Brussels will not only be a reflection of his future policy toward Nato. It is also likely to measure his future commitment to a Western-oriented foreign policy.

Waves of anger over Aegean Sea

BY DAVID BARCHARD IN ANKARA

TURKEY'S approach to Nato —to remain calm and dignified in the face of angry Greek denunciations — has borne fruit over the past few years, and although this week's meeting follows the changes in Cyprus, Ankara seems unlikely to alter its policy of restrained confidence.

The country has faced less international criticism than it feared over Cyprus and seems to have convinced its friends, at least, that it did not connive in the Turkish Cypriot decision.

Turkey's line, as in the past, will be that it is still ready for negotiations and that the Turkish Cypriots' declaration of independence in no way affects this: Turkey's goal of a bizonal federation in Cyprus remains the only possible solution.

It is unlikely that Mr Ilter Turkmen, the Turkish Foreign Minister, anticipates having a rough ride from his colleagues, apart from Dr Andreas Papandreou, the Greek Prime Minister, who also holds the defence portfolio. Turkey's relations with its major Nato partners remain relatively unruffled, though some senior Western diplomats in Ankara are said to have felt personally let down by the Cyprus proclamation. Mr Turkmen will probably view the Brussels meeting as a holding operation until the storm dies down.

In choosing to allow the declaration of independence by Mr Rauf Denktash, the Turkish Cypriot leader, to go ahead (and no-one in Ankara was taken very much by surprise, because Mr Denktash had signalled it repeatedly throughout the summer) Turkey's leaders are pointing to a radically new view, not only of the Cyprus dispute, but of Turkey's overall quarrel with Greece.

The new approach can be felt in the punchy language used by Mr Turgut Ozal, the new Turkish leader, and his Motherland Party. Voices can already be heard saying that the 1924 Treaty of Lausanne, which established the present balance between Greece and Turkey, giving the former most of the islands in the Eastern Aegean Sea, has been a disappointement. "If they won't accept the obligations of the treaty, why should we?" is how one senior party figure put it.

If repeated after Mr Ozal takes over, these words would imply that Turkey now sees Southern Cyprus and the Aegean Dodecanese islands as post-Ottoman areas inhabited by Greeks but with unresolved status to some degree, because they continue to generate military and political problems for the Turkish republic.

This is partly a reaction to Greek and Greek Cypriot intransigence since 1974 and the whittling away of the few official and administrative links through which some dialogue continued.

The working relationship that existed between Ankara and Athens before 1974 has been largely forgotten. The fact that for more than two decades before 1954 friendship between Greece and Turkey was the cornerstone of Turkish foreign policy is unrecognised by the present generation.

By allowing themselves to appear in Turkish eyes as implacable political and cultural adversaries who never engage in friendly dialogue, the Greeks have ensured that the hawks have the upper hand in Ankara's policy towards Athens.

Europe reviews regional aids

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

RADICAL CHANGES in the regional policies of several European countries over the past 18 months have led to a greater degree of decentralisation. Wholesale policy reviews took place in both France and Greece last year, a new regional policy memorandum was issued in the Netherlands and significant reductions in regional aid occurred in Sweden.

This is one of the main conclusions of Professor Kevin Allen in the 1983 Review of European Regional Incentives.

Aid monitoring procedures have been tightened in several countries, he says, with attempts to co-ordinate more closely the administration of the available aids.

The review is timely as it comes just before the British Government is expected to announce the results of its own rethink of regional policy in which greater selectivity is likely to be introduced into the system.

Prof Allen, co-director of the Centre for the Study of Public Policy, Strathclyde University, says several countries have reduced assistance to designated regions—a policy being urged on the British Government.

European Regional Incentives 1983. Edited Douglas Yuill and Kevin Allen. CSPP, Strathclyde University, Glasgow. Paperback £17.50; hardback £25.

Italian banks prolong the agony

BY ALAN FRIEDMAN IN ROME

ITALY'S hard-pressed retail banking customer yesterday experienced the start of a minor revolution, namely the expansion of opening hours to include 60 minutes in the afternoon.

For as long as anyone can recall, Italian banks have maintained strait-jacket opening hours from 8.30 in the morning until 1.30 in the afternoon. Now, all of Italy's 1,100 banking groups, ranging from the tiniest *Cassa di Risparmio* in Calabria to the big boys such as Credito Italiano, will provide customers with an extra hour, from 3 to 4 in the afternoon.

On the face of things the added opening time is as radical an improvement as Barclays Bank's decision last year to open on Saturday mornings in Britain. But the sad truth is that the extra hour could prove to be just another extra hour of frustration and agony for the average customer.

As any holiday-maker in Tuscany will tell you, Italian banks seem to be the most inefficient in Western Europe. Not for Italy the civilised Anglo-Saxon custom of queuing. Customers clamour for the attention of overworked and often apathetic clerks, shouting, shaking fists, throwing cheques into the basket and waiting for their names to be called.

On a quiet morning last week this correspondent did his level best to remain relaxed as a cheque for L100,000 (£42) was passed from one clerk to another and eventually to a third. The second clerk took the cheque, set it down and then proceeded with the serious business of lighting a Marlboro.

After 10 minutes he picked up the cheque, fingered it, glanced across the grill, held the paper up to the light, cracked a joke with a pretty colleague and 10 minutes later presented it to the cashier. The fact that it took only 35 minutes to cash the cheque was regarded as "good going" by a friend.

Paribas to pay customs penalty

BY DAVID MARSH IN PARIS

PARIBAS, the state-owned French investment bank, is to pay an out-of-court fine to the French customs to cover the bank's institutional involvement in controversial exchange control infringments alleged to have been committed by former employees and clients.

This was announced at the opening of court hearings into the affair yesterday, where about 60 people – including M Pierre Moussa, ex-chairman of Paribas – are answering charges relating to alleged illegal transfers to Switzerland and smuggling abroad of gold coins.

The transactions between the customs authorities and the bank removes the stigma of legal proceedings against the bank itself. But the charges against its former employees – apart from M Moussa, M Jean Richard, M Daniel Rouchy and M Jean Peynichou – remain in force.

The other people being charged – who appeared, along with several dozen lawyers, in the central hall of the Paris Appeals Court – are clients of Paribas. The hearings are due to last until mid-February.

OVERSEAS NEWS

Nakasone's rivals exploit bribe charges

From Tokyo, Jurek Martin reports on an election of sharp contrasts

THE two-week Japanese election campaign, now in full swing, is already offering a sharp contrast between the Government party, running on its record and promises, and an opposition intent on making the most of allegations of corruption in the highest ranks of the establishment.

The latest public opinion polls, which, in Japan, provide only an imperfect guide to the actual distribution of parliamentary seats, continue to suggest the opposition will make gains when the country votes on December 18.

But it is far from clear whether they will be sufficient to endanger the ruling Liberal Democratic Party's majority or to consign Mr Yasuhiro Nakasone, the Prime Minister, to a premature political grave.

The Asahi Shimbun poll, generally considered the most professional of those conducted by Japanese newspapers, reported yesterday that support for the opposition parties had jumped to 41 per cent, from 30 per cent in the previous survey, taken two months before.

But the commensurate decline in the backing for the LDP—from just over 50 per cent to 48 per cent—was certainly not enough to strike fear into the ruling party's strategists.

In all the elections since World War II, the conservative capture of parliamentary seats has been between 4 and 9 per cent higher than its share of the raw popular vote, which must be a source of comfort even if, as is probable, Asahi's estimate of the support is too high.

The view of most political analysts here is that, barring the unforeseen, the principal gainers in the contest for parliamentary seats will be the Buddhist-based Koneito, currently the third largest party in the Diet.

Even if it does very well, Koneito is only likely to recoup most of the 24-seat loss it incurred in 1980.

The tone of the campaigning so far has seen LDP candidates stress the Government's achievements. The Prime Minister has even gone so far as to state that Japan's recent foreign policy achievements could be placed in jeopardy by rejection of his party.

The polls certainly suggest that foreign policy is one of Mr Nakasone's strong suits, though they also point to the fact that foreign policy is not very important in the minds of Japanese voters, and that, in any case, Mr Nakasone is not personally very popular.

The opposition is flatly declining to take him on on his own turf, preferring instead to concentrate exclusively on allegations of corruption, symbolised by the conviction in October of former Prime Minister Kaknei Tanaka in the Lockheed payments case.

Mr Tanaka is as unrepentant as ever. Having promised late last month to keep a low profile, he has instead gone back to his home constituency of Niigata twice in the last three days—accompanied, as far as can be told, by most of the working journalists of Japan—to argue that he has been a good provider to his district.

His re-election is considered assured. However, Mr Masashi Ishibashi, the new head of the Socialist Party, decided he had nothing to lose by spending his second day on the stump in Niigata.

Mr Ishibashi understands perfectly well that more mileage is to be gained from the Tanaka affair than from any other issue in Japan today. The Japanese media has already unilaterally declared the Tanaka case to be the overriding issue in the campaign.

Perversely, Asahi's poll also pointed to another recurrent factor in modern Japanese politics: that, whatever the exigencies of the moment, the Japanese public has a preference for continuity of Government. Some 49 per cent of those surveyed expressed this belief against 35 per cent in favour of a new set of policies.

Altogether, 848 candidates are competing for the 511 seats in the Lower House of the Diet, distributed among 129 three-, four- and five-seat consituencies, plus one single member district.

Taiwan's opposition suffers poll disaster

BY ROBERT KING IN TAIPEI

A POLITICAL scientist in Taipei stated the obvious before last Saturday's supplementary elections when he compared vote-sharing to pie-slicing and predicted that Taiwan's fractured opposition would come away from the polls with less than full bellies.

But nearly everyone was surprised by how hard the opposition fell in winning only six seats out of 71. In particular they were surprised by the dismal showing of the moderate mainstream opposition leader veteran politician Kang Ning-Hsiang, who advocates working within the system for reform.

Mr Kang received only about 31,000 votes or about 24,000 less than the number he needed to win a fifth three-year term in the legislature.

Mr Kang's seat was taken by Kiang Peng-Chien, a lawyer who defended Lin Yi-Hsieng, a now jailed opposition figure, and one of Mr Kang's closest allies Huang Huang-Hsiung also fell.

Both Mr Kiang and Mrs Lin are considered more radical than their predecessors and the other non-party candidates elected have been frequent critics of the mainstream's moderate stance.

On the surface, the make-up of opposition representation might be taken to indicate an increasing case for more active opposition among the voting population, but a closer look shows that the traditional inability of the opposition to work together had more to do with the poor showing of the moderates and the non-partisans.

Put simply, the opposition fielded too many candidates and split the moderate vote in an attempt to win as many seats as possible. It also appears to have misjudgd the appeal of younger talented candidates fielded by the Nationalist Party which swept 62 of the 71 seats.

But while the election was an unmitigated disaster for the opposition, it was a clear victory for the democratic process.

The legislature originally contained nearly 800 members elected from each of China's provinces in 1948. After the Communist victory in 1949 many of the legislators fled with the nationalists to Taiwan.

Immune to the loss of their seats because new elections could not be held in China to replace them, they have for years formed what some term "the 10,000 year parliament"—a rubber stamp for nationalist policies.

OVERSEAS NEWS

U.S. loses face over Lebanon air attacks

BY PATRICK COCKBURN IN BEIRUT

AS A demonstration of American strength in Lebanon, Sunday's air attacks by 28 U.S. planes were a definite setback. Two aircraft were shot down by anti-aircraft missiles and eight marines killed when Syrian and Druze artillery shelled their base near the airport.

"After so many threats to retaliate against the authors of the bomb which killed 239 U.S. marines in October, the extent of Sunday's attack was much less than the Lebanese expected, a military expert said in Beirut yesterday. "The Americans have lost face in a country where prestige is vital."

If the intention of both Israel and the U.S. is to limit Syrian influence, then their campaign so far is having the reverse effect. It is this which leaves diplomats in Beirut to assume that the U.S. and Israel must now seek to inflict serious military losses on Syria in order to restore their authority in Lebanon.

Both countries have suffered a series of defeats since the start of this year. The destruction of the U.S. Embassy by a truck bomb in April was the moment at which the situation began to unravel. Israel's old allies among the Christians were defeated in September by the Druze who are closely linked to Damascus.

The Lebanese Government of President Amin Gemayel and the Christian militia hold only an enclave around Beirut, and even this does not include the heavily-populated southern part of the capital.

The Syrians hold the east of the country, and the central mountains overlooking Beirut. The Israelis hold the southern third of Lebanon, but are beset by guerrilla attacks.

U.S. air attacks alone will not redress the military balance now so decisively in favour of Syria. However, even though many Syrian artillery pieces are destroyed, it is the loss of U.S. aircraft which gets all the publicity in Lebanon, the Arab world and the West.

In any case, the mass of Syrian anti-aircraft guns and radar control centres are within Syrian territory. If the U.S. and Israel were to try to wipe out the Syrian air defence capacity in Lebanon, this would inevitably involve air attacks on Syria itself.

At this point, Damascus could call for consultations with the Soviets for possible support under the provisions of the 1980 co-operation and friendship treaty which guarantees Syrian territory.

There is also the danger from the U.S. point of view that one or more of the three other contingents — French, Italian and British—belonging to the multi-national force would then pull out. The Italians, who entered Lebanon very much in the spirit of a United Nations peacekeeping force, are very restive.

At the start of this year, the U.S. hopes that Lebanese Government authority, above all the 34,000-strong Lebanese army, could increase its control in Lebanon.

It is very unlikely that the U.S. is politically capable of deploying a 50,000-strong expeditionary force necessary to take the ridge line overlooking Beirut and the artillery positions concealed in the hills beyond.

When Israel invaded Lebanon in June last year, it was clear the Syrians believed that Gen Ariel Sharon, the Israeli Defence Minister, intended to destroy the Syrian army. President Hasez al-Assad was quick to agree to a ceasefire after a few days' fighting.

The key factor in the present situation, despite the meeting between Mr Yitzhak Shamir, the Israeli Prime Minister, and President Ronald Reagan last week, is that the Syrians do not believe that Israel wants an all-out war against Syria.

This would be a far more costly exercise than the so-called "peace for Galilee campaign" launched by Mr Menahem Begin, the former Israeli Prime Minister last year, which has so far cost 557 Israeli lives.

Why Lebanon has reached the brink of disintegration

BY STEWART DALBY

IT IS not really surprising that Lebanon is on the brink of falling apart. The population division between Christian and Moslem has changed so much in favour of the latter since the basis of the country's Government was set up that it was almost bound to disintegrate.

Further evidence that putting Lebanon together again is a task of Humpty Dumpty proportions, if it is possible at all, comes in the latest Minority Rights Group publication, "Lebanon: A Conflict of Minorities."*

The paper argues that the internal strains caused by the change in the confessional balance are so great that the country was almost bound to collapse even without outside influences, whether they be Palestinian, Syrian, Israeli or American.

The author of the paper, Mr David McDowall, suggests that since the state was an artificial creation in the first place, its chances of survival even if left to itself were never very great.

Until 1920, "Lebanon" referred to the mountain range. The state itself has existed for 63 years. Before the First World War it was part of Syria, which was controlled by the Ottoman Turks. In 1920, when the Ottoman empire was dismembered, France was given Lebanon as a prize in the Middle East colonial carve-up.

This pleased many Maronite Christians, then the majority community and with strong Francophile links going back to the17th century when the Jesuits first established schools. But it was not the Francophile wing of the Maronite leadership which was ascendant when the move for independence welled up.

A party led by Mr Bashara Khoury, believed, to quote Mr McDowall, "that Lebanon could only survive if the different confessions shared an independent national identity and solidarity, which came before all other conisderations."

When Mr Khoury was elected President in 1943, he sought to bring about a national pact which would meet these aims. Although it has remained unwritten, the pact is the bedrock of Lebanon's constitutional arrangements which lasted until the collapse of all authority in 1975.

Broadly speaking the pact says that:

- Lebanon should be independent, bound by neither Arab or European ties.
- The President should be a Maronite Christian, the Prime Minister a Sunni Moslem, and the head of the legislature a Shi'ite Moslem.
- Other posts in Government and seats in the chamber of deputies should be allocated to reflect the sectarian composition of Lebanese society on a crude ratio of six Christians to five Moslems, in line with the population split at the time of the census in 1932.

These arrangements quickly came under stress. The Maronite Christians, like the Protestants in Northern Ireland, tried to dominate the other minorities. With a tight kinship and almost feudal social structure, they were fiercely proud that apart from Israel they were the only non-Moslem minority in the Middle East to survive as an autonomous state.

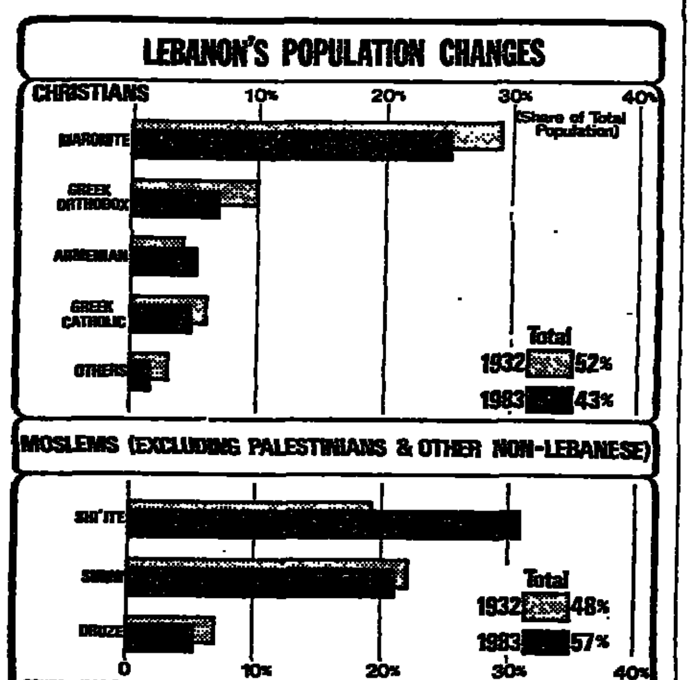
The Lebanese Moslem minorities grew more rapidly however and were bolstered by the influx of Palestinians from 1948. Socially and politically disadvantaged, they increasingly resented the Christian ascendancy.

As Mr McDowall puts it: "The nature and history of Lebanese society made it extremely susceptible to external influence and pressure. This vulnerability had already been sharply portrayed in 1958 when Lebanon experienced its first civil war. President Camille Chamoun's attempt to get re-elected in that year led to Moslem Druze riots. President Eisenhower sent in the marines."

It is ironic that when the pressures became too great and the country finally collapsed in civil war in 1975, the Palestinians, or at least their leaders, stood aside. It is a further irony that when the Palestinian Liberation Organisation (PLO) swung behind the Moslems in the civil war, thereby almost certainly sealing the Christians' fate, it was the Christian leaders who asked Syria, an Arab state, to intervene to save them. That was in 1976, and the Syrians who were later to try to subjugate the PLO are still in Lebanon.

Whether they stay or are pushed out by the Israelis, Mr McDowall demonstrates that the new confessional balance alone makes it impossible to return to the old constitutional arrangements. He does not rule out entirely a new formula one day, but concludes: "The task seems herculean."

* *Lebanon: A Conflict of Minorities, by David McDowall. Minority Rights Group Report No 61. Benjamin Franklin House, 36, Craven Street, London WC2. £1.20.*



Soweto poll snub to S. African Government

By J.D.F. Jones in Johannesburg

ONLY 10 per cent of the black voters of Soweto, Johannesburg's giant township, went to the polls at last weekend's municipal election.

This low turnout can only be interpreted as a black snub to the South African Government, which has introduced full municipal power in some of the black urban areas as part of its programme of reform.

In Soweto's smaller sister townships of Diepmeadow and Dobsonville, the poll was slightly higher — at 14.6 per cent and 23.5 per cent respectively — but the overall result is only a slight improvement on the 1978 turnout of 6 per cent in elections for the (now superseded) community councils.

The director of West Rand Administration Board, Mr John Knoetze, last week said he hoped for a "reasonable" turnout which he defined as 25 per cent.

Nevertheless, the Minister responsible for Black Affairs, *Dr Piet Koornhof, on Sunday* night claimed the result was "reasonable," welcomed development of the democratic process, and pointed out that in white local elections there is normally only a low poll.

Unlike the whites, of course, the urban blacks have no other democratic rights in the areas where they live.

At other black municipal elections during the past fortnight, the turnout has averaged about 20 per cent. The boycott was vigorously endorsed by a range of political organisations including the radical United Democratic Front, the Zulu Inkatha and the Soweto Committee of Ten, led by Dr Neatho Motlana, who argued that the boycott would demonstrate the urban blacks' rejection of apartheid.

The first Mayor of Soweto is likely to be Mr Ephraim Tshabala, a businessman, who is leader of the conservative Sofasonke Party. The present unofficial Mayor, Mr David Thebehali, was defeated.

Optimism grows in Philippines on debt rescheduling

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FILIPINO officials are to meet again with their commercial bank creditors in New York tomorrow after failing in four days of talks last week to agree terms for a rescheduling of part of the country's foreign debt.

The speedy resumption of the talks has led to optimism in the banking community that agreement on the terms for the rescheduling and for a $1.6bn (£1.1bn) new money loan to be provided by the banks may now be fairly close.

Last week's talks between Prime Minister Cesar Virata and the committee of leading creditor banks chaired by Manufacturers Hanover carried on until late on Saturday before breaking up.

Manufacturers Hanover would say yesterday only that the talks had "made good progress," but the shape of an agreement is now slowly emerging.

Besides the new money loan, which will raise creditor banks' exposure to the Philippines by a little over 10 per cent of their present outstandings, the Philippines are seeking to extend the maturity of about $3.5bn in short-term trade credits and to refinance medium and long-term debt falling due between mid-October this year and early 1985.

On current estimates this amounts to about $2bn, but one of the problems that has dogged the negotiations so far is the lack of precise statistical data.

Estimates of the country's total debt range from $18.5bn to $24bn. Both the Filipino authorities and the banks are still trying to work out a more detailed picture of the situation.

If tomorrow's meeting does lead to an agreement on terms and conditions for the rescheduling, the next step will be for the lead banks to inform all other creditors to seek their approval for the arrangement.

Australian unions chief in threat to uranium mining

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE PRESIDENT of the Australian Council of Trade Unions (ACTU), Mr Cliff Dolan, vowed yesterday to try to stop development of the world's biggest uranium find worth A$2bn (£1.2bn) at Roxby Downs in South Australia.

"I do not know if we can stop the mining of uranium at Roxby Downs," said Mr Dolan, "but we certainly will be attempting to do so."

His stand, which has not received unanimous union backing, is a further embarrassment to Mr Bob Hawke, the Prime Minister, who is a former president of ACTU.

Mr Hawke's Labor Government recently gave a go-ahead to the Olympic Dam Partners, made up of Western Mining Corporation (51 per cent) and BP Australia (49 per cent).

The Government's contortions on uranium brought it a humiliating rebuke in the Northern Territory state election at the week-end, in which Aboriginal voters, formely pro-Labor, deserted the party in droves because of the expected loss of uranium royalties.

Yesterday, Labor's national executive, meeting in Canberra, agreed that a final decision on the controversy would be reserved until next July's ALP national conference.

Mr Brian Burke, Western Australia's Labor Premier, said yesterday the controversy had deeply divided the party and that Labor would be "run out of government" unless it stopped its wrangling.

He said that Western Australia was not prepared to see uranium exported to an Iron Curtain country, South America, or France—the latter because of nuclear testing in the South Pacific.

Western Australia's Yeelirre uranium find is one of those frozen under Labor's current embargo.

AMERICAN NEWS

Social Democrats claim Venezuelan presidency

BY KIM FAUD IN CARACAS

Dr Jaime Lusinchi, the leader of Venezuela's Social Democrats, and his Accion Democratica party (AD) have claimed a landslide victory in Sunday's presidential and congressional elections.

Projections gave Dr Lusinchi 48 per cent of more than 7.7m registered votes against 28 per cent for Sr Rafael Caldera, a former President and leader of the ruling Christian Democratic "Copei" party—the largest victory margin since 1947.

Projections made by commercial television stations gave Dr Lusinchi an even higher share of the vote with one channel predicting he would take over half of ballots cast on Sunday.

Dr Caldera conceded defeat shortly after the Accion Democratica announcement although no significant official returns were immediately available. In fact, official vote counting was running well behind the target of announcing the Presidential winner 24 hours after the polls closed.

The polarisation of votes for AD and Copei—reflecting previous trends in Venezuela—dealt the country's two main left-wing candidates a serious setback. Sr Teodoro Petkoff of the Movimiento al Socialismo (MAS) and Sr Jose Vicente Rangel, supported by the Communists and other smaller parties, were expected jointly to gather less than 10 per cent of the vote.

Dr Lusinchi, who takes office next February, will face Venezuela's worst economic crisis in 25 years. High on his list of priorities is re-financing of $18.4bn of public sector debt—the part of the country's total $33bn foreign debt which falls due this year and next.

Dr Lusinchi has rejected an International Monetary Fund stabilisation programme to put Venezuela's economic house into order, saying the country's over $1bn international reserves make an IMF loan unnecessary at present.

"We are going to undertake our own programme in accord with national needs," Dr Lusinchi said in an interview last week. "If this is acceptable for the Fund, or coincides with its recommendations, thought could be given to a loan," he added. Commercial bank creditors are, however, likely to insist on the adoption of an IMF programme or its equivalent for Venezuela before agreeing to any rescheduling.

Lusinchi: an experienced team man with a mission

VENEZUELA'S new president elect, Sr Jaime Lusinchi of the opposition Accion Democratica party, sees himself as a man with a mission to cure his country's current economic ills, Kim Fuar writes.

Born of humbel origins in the eastern state of Anzoategui, the 59-year-oud paediatrician has combined medicine and politics since his university days in Barcelona, Eastern Venezuela. He joined AD in 1941, the year it was founded.

During his more than four decades in politics, Dr Lusinchi has always been active in parliament, except for a six-year period in exile between 1952 and 1958.

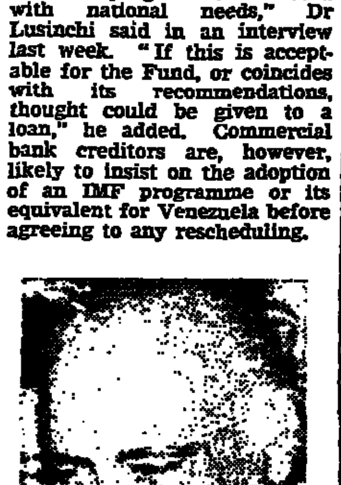
In 1948 he was elected president of the legislative assembly for his home state of Anzoategui in the first Accion Democratica administration. This Government, however, was ousted the same year by a military coup and Lusinchi joined the underground opposition. In April 1952 he was arersted and went into exile in Chile, Argentina and the U.S.

Lusinchi returned to Caracas in 1958 after the overthrow of dictator Perez Jimenez. After that, he rose steadily in the party.

In 1982, he won the Presidential nomination, following an unsuccessful attempt five years earlier. He gained wide support within his party as a conciliatory figure able to unite AD's various factions.

The President-elect is viewed as a team man, seeking counsel from experts from both inside and outside his party.

Although Dr Lusinchi put on a modest, unassuming front in seeking popular votes in Sunday's elections, he is well versed in foreign policy.



Lusinchi . . . four decades in politics

Workforce gives ground at Greyhound

BY TERRY DODSWORTH IN NEW YORK

MANAGEMENT and unions at the strike-bound Greyhound bus company in the U.S. have hammered out a return to work agreement with substantial pay and benefits concessions from the workforce.

Details of the agreement have not yet been released, since it still has to be ratified by the 12,500 union members, who have so far put up a bitter resistance to concessions. But it is clear that the leadership of the Amalgamated Transit Union has given ground in the face of management's determination to run the bus line with non-union labour.

According to reports of the negotiations at the weekend, two of the most important concessions are a 7.8 per cent wage cut and a two-tier salary structure under which newly-hired workers would receive less than those employed currently.

Crackdown on funds for Salvador death squads

By Reginald Dale, U.S. Editor in Washington

THE REAGAN Administration has started to try to stem the flow of money to right-wing death squads in El Salvador by cracking down on wealthy Salvadorean exiles in Miami.

The Administration has recently been showing increasing concern at the failure of the U.S.-backed Government to stop the death squads' activities—both because of the difficulties of persuading a reluctant Congress to approve new aid for the Government and because it fears that the death squads are increasing public support for the left-wing guerrillas.

The Justice Department and the Federal Bureau of Investigation (FBI) are now looking into whether there are legal grounds for deporting exiles believed to have financed the death squads, or denying them visas to return to the U.S. if they leave the country.

In another move, the Treasury may try to freeze some of the exiles' bank accounts and other investigations are under way to find out whether any suspect exiles have violated American immigration tax, firearms or currency regulations.

The administration remains adamant that it is trying to eradicate the death squads, despite President Ronald Reagan's veto last week of legislation making aid conditional on human rights requirements being fulfilled by the military Government. Even republicans on Capitol Hill have expressed surprise and indignation at Mr Reagan's veto.

Mr Charles Percy, Republican chairman of the Senate Foreign Relations Committee and normally a staunch Administration supporter, said that he was concerned that the veto sent "a confusing signal to El Salvador just at a time when we are trying to send a strong, clear signal that political violence must cease." He said that Congress would probably introduce new legislation restoring the human rights conditions.

In El Salvador, officials yesterday said that the army was serious about moving against the death squads. They cited a strong condemnation of the squads on Friday by General Carlos Eugenio Vides Casanova, the Defence Minister, who said that the death squads should "disappear forever"

Argentina's elections have hastened moves for change in restive Uruguay

Poll pressure crosses River Plate

Rallies and demonstrations are putting strong pressure on Uruguay's military Government to suspend harsh laws and allow civilian rule, writes Jimmy Burns, recently in Montevideo.

ON OCTOBER 30, the night that Argentina voted for its new civilian government, thousands of Uruguayans ran cheering through the centre of Montevideo as if it were they who were going to the polls. Within a week, there were countrywide strikes organised by the outlawed Communist -led trade union movement and a bloody battle between students and riot police which led to one death and hundreds of arrests.

Later, a rally organised by all the political parties attracted over 400,000 people, more than a third of the population of Montevideo and the largest demonstration in Uruguay in more than 50 years.

The opposition wants the Government to lift the bans on political activity and a free Press which were enforced in August, before there can be any political understanding with the military. The army plans to hand over power to the civilians by March 1985, after elections in November 1984, but to retain limited participation in the Government and the legal system.

It is difficult to find a Uruguayan politician today who will publicly endorse any army participation in the future Government, but the opposition parties are divided over tactics.

The division was underlined during the rally last month when a large number of demonstrators defied the orders of the official organisers to disperse and marched towards the Presidential Palace. Until recently the moderates within the two major political groupings—the Colorados and the Blancos—argued that it was best to avoid provoking the hardliners. But increasingly the moderates are having to revise their strategy to avoid being outflanked by more militant factions.

They are having to support the release of political prisoners and the return of thousands of exiles, matters previously only backed by radicals, particularly members of the Frente Amplio—the coalition of Christian Democrats, Communists, and Socialists.

The effectiveness of Uruguay's opposition remains largely conditioned by Sr Wilson Ferreira Aldunate, the 65-year-old exiled leader of the Blanco party. Sr Ferreira was pipped at the post in the country's last elections in 1971 and his political stature has grown into mythical proportions while in exile.

Sr Ferreira now enjoys broad support including union and student groups and dissident members of other parties. His critics claim that much of his support would evaporate if he returned to Uruguay, just as many Argentines became disillusioned with the reality of Peron when he returned. Nevertheless no single politician can be sure of his own future as long as the myth persists.

The other uncertainty is the attitude of the military. The Uruguayan armed forces are not as deeply divided as those in Argentina nor as solidified around one figure as in Chile. Nevertheless, differences between hardliners grouped around the ambitious President Gen Gregorio Alvarez, and more moderate officers led by at least two generals and members of the navy and airforce have blurred the military's response.

Demonstrations have been violently suppressed one day and authorised the next; one newspaper successfully published a list of 17 Uruguayans who had been kidnapped by the security forces, but another was banned for printing a photograph of Sr Ferreira. This carrot and stick approach has angered rather than thwarted the opposition, adding a further factor of instability.

A nationwide radio and television broadcast by Gen Alvarez last week in which he chastised the politicians who staged the rally and urged Uruguayans to be on guard against "Marxist subversion" seems to have hardened opposition

Immediately after the broadcast, tens of thousands of people in Montevideo went to their doorways and windows and beat on pots and pans, a form of protest against the regime popularised in Chile.

Few observers envy the task faced by the country's newly appointed Economy Minister, Sr Vegh Villegas, who has close links with moderate Colorados and Blancos. He will adopt a Prime Ministerial role, as the main intermediary between the Government and the opposition.

Sr Villegas and Sr Jose Maria Puppo, the central bank governor, are understood to have made their presence in the Government conditional on the military sticking to its plan to hand over power. But they have not yet made clear how they intend to reconcile their defence of political reform with their commitment to an economic policy which has generated much of the current unrest.

The International Monetary Fund is expected shortly to certify that Uruguay has met the monetary and fiscal targets for the third quarter, thus paving the way for the release of a further tranche of $50m from its $400m credit agreement. But although the belt-tightening of the last two years has helped Uruguay reschedule over a quarter of its $4.2bn foreign debt—the biggest per capita in South America—it has not alleviated domestic economic problems.

The Government recently recorded its highest ever unemployment rate of 16 per cent, while Gross Domestic Product over the year has fallen by 6 per cent. Real salaries over the last 12 months have dropped by 25 per cent, adding a further strain to an already greatly impoverished country.

Economists close to the Government believe that the recession has hit bottom and that there will be an upturn in the first half of next year, particularly if the IMF agrees to loosen some of the targets contained in the current agreement.

If Sr Alfonsin's Government fails, in Argentina, there will be more than one Uruguayan hardliner in uniform prepared to look across the river and with a wave of his finger, say "I told you so."

Eurobraz agrees to Brazil loan contribution

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

EUROPEAN Brazilian Bank has now agreed to contribute its $100m share of the $6.5bn (£[illegible]) loan being assembled for Brazil, Sir John Hall, its Managing Director, said yesterday.

The bank's resistance to the loan had been holding up positive replies from some other smaller banks and was overcome only after all 78 shareholders yesterday agreed to support the contribution.

"In a credit of this size, we wanted to obtain our shareholders' approval," Sir John said. This does not mean that they will have to put up extra cash to finance the loan, but the decision to go ahead implies that the shareholders are standing behind the bank, a London-based consortium with total assets of £766m.

Eurobras already has a $500m standby credit line from its shareholders, agreed last year after conditions in the inter-bank deposit market tightened in the wake of the Latin American debt crisis. Sir John declined to say whether this line would be raised to allow for the bank's increased exposure to Brazil. "Should Eurobraz need the support of its shareholders it will always be there," he said.

One of the shareholders, Banco do Brasil with 31.9 per cent, had agreed to support the loan from the outset. But the others—Bank of America with 31.9 per cent, Deutsche Bank and Union Bank of Switzerland with 13.7 per cent each and Dai Ichi Kangyo of Japan with 8.9 per cent—had initially withheld their approval.

Andrew Whitley in Rio de Janeiro writes: Brazil's next President, to succeed General Joao Figueiredo in March 1985, will be selected by the officially-backed Partido Democratico Social and not through negotiations with the political opposition parties, a top presidential aide has declared.

The statement by Sr Letao de Abreu, the President's chief domestic affairs adviser, followed an intense campaign by the PDS to head off a possible change in the succession rules while would have permitted direct elections to the presidency. Last month General Figueiredo said he personally favoured direct elections.

France offers Egypt Airbus work in bid to beat Boeing

BY DAVID MARSH IN PARIS

FRANCE HAS offered Egypt possible "collaboration" in the building of European Airbus airliners as part of efforts to persuade the Cairo Government to call off its planned purchase of wide-bodied Boeing jets.

The offer, made during an Egyptian visit last week by M Henri Martre, the chairman of state-owned aerospace concern Aerospatiale, is the latest in a series of co-production inducements France has been holding out to developing countries to try to boost sluggish civil aircraft sales.

As an indication of the almost desperate lengths to which aircraft makers are going to try to win orders during the current severe aviation market downturn, France has been discussing similar co-production arrangements during the last two weeks with Indonesia (for the narrow-bodied Airbus A-320) and with China (for the new regional transport aircraft ATR-42).

In the latest offer, M Martre was careful to leave exactly how the Egyptians could co-operate with Airbus's European partners. An Aerospatiale spokesman said yesterday that M Martre in Cairo made no mention of any specific sub-contracting offer, as this would only be discussed if the Egyptians indicated they were open to the idea in principle.

The French offer is part of the overall battle by the European Airbus Industrie consortium to wrest back from Boeing an almost-concluded contract to supply Egyptair with Boeing 767 aircraft. The Cairo Government signed a letter of acceptance for the Boeing planes in September.

This dashed Airbus hopes, raised after the consortium received a letter of intent earlier in the year. But, sticking to the old air industry adage that an order is never lost until the ink on the contract has dried, Airbus—and the French in particular—are refusing to give up hope.

Egypt already has sub-contracting links with Aerospatiale in helicopter production. If the Egyptians choose to explore further the path of collaboration in aircraft manufacturing — up to now. Aerospatiale says they have given no firm response to the idea — this could set an important precedent.

Singapore to participate in building jet trainer

BY CHRIS SHERWELL IN SINGAPORE

A US$60m JET trainer contract has been signed between the Sangapore Air Force and SIAI Marchetti of Italy. It will boost Singapore Aircraft Industries, the government-owned aerospace group, which is making a determined bid to push Singapore as an internationally recognised defenee manufacturer.

The contract provides for both the manufacture of parts and the assembly of SIAI Marchetti's S211 light trainer/attack aircraft. Singapore is binying a total of 30, and while some will be *delivered directly*, the deal allows SIAI's first venture into aircraft asembly.

SIAI has also announced its first contract to sell abroad its own automatic testing equipment for avionics systems. The order, worth about US$125,000 but carrying considerable potential, comes from the Royal Thai Force. The system was developed by Singapore Aero-Component Overhaul, one of SIAI's five subsidiaries and two associated companies.

The company's choice of SIAI Marchetti's S211 is a surprise because it has not been purchased by any other major buyer, including the Italians, and is therefore not proven. SIAI Marchetti is controlled by the Agusta group.

The main alternatives under consideration by the Singapore Air Force included the Spanish Casa C-101, the McDonnell Douglas A4 Skyhawk from the U.S., and jet trainers from Aermacchi of Italy.

● India has signed an agreement with the West German company, Dornier, to manufacture *Dornier-228 light transport* aircraft under licence at the state-owned Hindustan Aeronautics, AP-DJ reports from New Delhi. The German company agreed to transfer technology to India for the manufacture of different versions of Dornier-228 for the Indian navy, air force, coast guard and domestic feeder airline, Vayudoot. Production will begin in a year at the Kanpur factory of Hal, in northern India. Financial details were not disclosed.

U.S. wine group to lobby against foreign subsidies

BY NANCY DUNNE IN WASHINGTON

U.S. WINE producers are preparing to intensify their campaign for Government protection against subsidised foreign competition.

California producers, which comprise 70 per cent of the domestic market, and growers from other wine-making states have banded together to form the American Growers Alliance for Fair Trade to gather statistics about alleged foreign subsidies, to lobby Congress and to file trade cases.

The group is now collecting data with the intention of filing a complaint with the International Trade Commission against European producers. If the ITC agrees, the complaint could lead to higher duties or quotas on imported wines.

A preliminary report, released by the Department of Agriculture in October, concluded that the EEC wine industry had achieved an expanding share of the U.S. market by using "an array" of production and financial incentives as subsidies. It said that the EEC had increased its support payments to wine producers from $60m in 1978 to $571m last year.

The foreign share of the U.S. wine market has grown steadily—from 21.4 per cent in 1980 to 24.2 per cent in the first six months of 1983, according to industry statistics. By the end of the decade, one-third of all wine drunk here may come from abroad.

In the meantime, U.S. producers are increasingly bitter about high duties imposed on their wares overseas, while the U.S. tariff on wine imports amounts to a comparatively low 37½ cents per gallon.

Mr Jim Crawford of the *California Association of Winegrape* Growers says Japan offers the greatest potential for a growth market, yet taxes on U.S. wine more than double the cost to Japanese consumers.

He complains that high tariff imposed by Britain to protect the domestic beer industry are the "most damaging."

CP Ships pins hopes on N. Atlantic rationalisation

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CANADIAN PACIFIC (CP), which has lost heavily on shipping this year, is pinning its hopes for future profitability on the North Atlantic on a rationalisation of container services agreed with Compagnie Maritime Belge (CMB) and Hong Kong's Tung Group.

CP wants to slim its services to economic levels now that the market—especially westbound—has picked up, allowing carriers to fill ships. Eastbound to Europe, recovery has been slower

This year has seen an intensified rate war across the North Atlantic. Mr Harvey Romoff, the CP Ships executive who will head the new Canada Line to be operated from January with the Belgian company, said rates had fallen 35 per cent this year.

The result has been losses of $200m-$300m for North Atlantic container lines, he added. So CP and CMB will now concentrate on Canada, leaving the U.S. route to Tung.

The Tung Group is buying the CP and CMB stakes in Dart Containerline, which sails to the U.S. east coast, for an undisclosed sum. Canada Line will run four large container ships *between Europe* and Montreal.

But Manchester Liners, part of Tung, will still have a 30 per cent stake in the St Lawrence Seaway Coordinated Service (SLCS), which CP, CMB, and Tung set up in 1981 to operate into the Canadian port.

Mr Romoff said he hoped CP Ships could start earning money from shipping, at least on containers, as a result of combining its facilities with CMB into Canada Line to operate within SLCS.

Rates across the Atlantic are now set to rise by up to 15 per cent and, said Mr Romoff, "if the market stays buoyant, there'll be further increases in 1984, no question."

CP Ships lost a net C$40.2m (£22.2m) in the first nine months of 1983 against C$11.6m in the same period of 1982, of which the container side accounted for C$14.3m (C$1.2m).

U.S. group in Italian lathe deal

By James Buxton in Rome

ITALY'S leading maker of numerically controlled lathes, Esercizio Pietro Pontiggia, has signed an important marketing and technical co-operation agreement with a U.S. company under which its machines will be sold and later manufactured in North America.

The agreement is with Lodge and Shipley of Cincinatti, Ohio. Pontiggia, which is part of the Olivetti group, will supply numerically controlled lathes for marketing in the U.S., Canada and Mexico, and will grant Lodge and Shipley a manufacturing licence on these products within two years.

Lodge and Shipley is to buy a *minimum of L12bn ($7.3m)* worth of machines in the two-year period, and sales of L20bn are foreseen.

Pontiggia has sold about 2,000 numerically controlled lathes in Italy and abroad in the past two years.

Earlier this year Pontiggia formed a joint venture with Allen-Bradley of the U.S. to manufacture and market Allen-Bradley's numerical controllers in Europe.

In a separate development, Savio, part of the state-owned Eni group, has signed an agreement with the Soviet Union for the production under licence in Russia of its equipment for the automation of textile making.

Kenneth Gooding considers a report on the decline of exports

No let up seen in Europe's truck war

THERE WILL be no let up next year in the price war in the main EEC markets for medium and heavy trucks, according to the latest forecasts from the DRI Europe consultancy group.

DRI suggests that, whereas in 1982 some 51 per cent of medium and heavy trucks output in the seven main European producing countries was exported outside the area, the ratio is likely to fall to only 39 per cent in 1985 before recovering slightly later in the decade.

So most stimulus to output in the short term is expected to come from European sales. Therefore the competitive pressures within the main EEC markets—which resulted in particularly fierce price wars in France and the UK—will remain intense in 1984 as each producer attempts to extract the maximum gain from the modest upturn in European demand.

DRI maintains that the nascent recovery in the U.S. heavy truck market will provide only limited relief to the European producers involved there, with most other non-European markets likely to see a minimal revival at best over the next year.

Dealing with the individual countries, DRI points out that West German exports of medium and heavy trucks to Africa and the Middle East have collapsed by one third this year—"only Daimler-Benz's huge marketing strength and local assembly commitments have prevented an even larger fall."

PRODUCTION OF MEDIUM AND HEAVY TRUCKS

(000's)

	1980	1982	1983	1984	1990
West Germany	180.9	169.9	145.4	153.7	192.5
France	61.4	44.6	39.8	42.5	56.6
UK	104.0	66.6	55.3	61.2	70.0
Italy	42.2	36.4	42.7	43.3	48.5
Spain	22.6	21.8	20.8	23.3	25.4
Sweden	55.1	49.6	44.7	48.2	60.1
Netherlands	15.9	11.0	11.1	11.8	14.2
TOTAL	482.1	399.8	359.8	384.0	467.3

PRODUCTION OF LIGHT COMMERCIAL VEHICLES

(000's)

	1980	1982	1983	1984	1990
West Germany	266.2	195.7	201.2	205.7	251.9
France	375.5	324.5	319.5	292.4	344.5
UK	223.4	158.0	157.4	160.0	171.7
Italy	115.9	112.6	126.1	128.9	135.1
Spain	107.1	100.8	105.9	109.1	99.0
TOTAL	1,088.1	891.6	910.1	896.1	1,002.2

Source: DRI Europe

Capacity utilisation of the German industry will remain low until the second half of the decade because the export outlook for 1984 is no more promising than this year. It will be 1985 before firming of crude oil prices and higher developed world oil consumption restores the financial position of the important Opec customers of the German capital goods industry.

DRI maintains that the UK truck industry is still in the middle of its worst crisis in the post-war period. However, in the medium term the outlook for both demand and production is more encouraging as a comfortable net export surplus—nearly jeopardised in the current year—is maintained.

For medium and heavy truck exports, 1983 "has been little short of disastrous" for the UK and exports will show a one quarter fall on the 1982 level. "Only a fraction of this decline is expected to be made up next year," DRI states.

Some clawback by the UK producers of lost market share at home and abroad should lead to rising production levels. But, according to DRI's current projections, output will be only one-third higher in 1986 than the 1983 low point and a full 25 per cent below 1980.

DRI says that France avoided the worst effects of the Opec collapse in demand because the French industry never benefited from the boom. Algerian export sales mainly were responsible for the better performance this year.

France is likely to be the weakest market in Europe during the next two years in terms of demand. And in the face of intense competition, the 36 per cent French market share held by Renault Vehicules Industriels (down from 45 per cent a year ago) will continue to be vulnerable, in spite of the company's greater success with its foreign operations.

Italian production levels have not fallen in line with the home market decline, again because of Algerian exports, but very little further expansion of output is currently expected in 1984 as recent share gains in other EEC markets come under pressure.

"European Trucks Forecast Report." 125 pages, from DRI Europe, 30 Old Queen Street, St James's Park, London SW1H 9HP. $1,400 or £800.

Ford to sell AC replicas in U.S.

By John Griffiths

BRITISH-BUILT replicas of one of the most famous sports cars of the 1960s, the AC Cobra, are to be sold through Ford's 5,000 dealers in the U.S.

They are built by Autokraft, a small specialist carmaker based at Weybridge.

The deal—under which up to 100 cars are expected to be sold at $40,000 each in the first year—revives a similar arrangement between Ford and AC Cars for the original Cobra models.

Autokraft acquired the original tooling for the Cobra from AC Cars, based at nearby Thames Ditton, for the relaunch of what is now called the AC Mk IV.

Cars will be shipped to the U.S. minus engines and transmissions. Five-litre V8 engines of varying performance and transmissions will be fitted at a centre in Michigan.

Autokraft is unable to use the Cobra name itself, which is retained by the Carroll Shelby organisation of the U.S.

The original Cobra became notorious in the UK in the early 1960s. Police tracking of one at 170mph on the M1 motorway sparked a furore widely credited with leading to the introduction of the 70mph speed limit.

UK NEWS

Call for strike ballots rejected

By Philip Bassett, Labour Correspondent

THE GOVERNMENT'S charge that trade unions will not reform themselves was partially vindicated last night when a conference of the Inland Revenue Staff Federation (IRSF) failed to endorse proposals from the union's executive to bring in ballots before taking strike action.

However, an early decision by the conference not to endorse a proposal to introduce ballots for the election of the union's governing executive committee was narrowly reversed, when a further motion to bring in such ballots was carried by a majority of one.

The decisions were reached in the face of a detailed membership survey of the 60,000-strong union, which showed that 94 per cent of members wanted pre-strike ballots, and 63 per cent wanted elections for the executive.

Ministers are likely to use the pre-strike ballots decision and the narrowness of the vote on the election of the executive as a clear indication of the need to press ahead quickly with the Trade Union Bill – now in the House of Commons committee stage – which will require unions to elect their executives and to hold ballots before strikes.

The strike ballots decision and the vote on executive elections are a particular blow to TUC claims that the Bill is made unnecessary by the constant process of internal change in trade unions.

The Trades Union Congress (TUC) last night refused to comment on the IRSF conference decision. Left-led moves at the conference to reject outright secret ballots for executive elections and to continue to take strike decisions at mass meetings, all failed to reach the two-thirds majority of the 119 delegates deemed necessary by a ruling of the union's president.

However, the same fate also befell the union leadership's proposal based on the findings of the membership survey, to bring in the voting changes.

IRSF leaders said last night that a further decision to adopt a code of practice on balloting, which includes procedures on pre-strike balloting, especially when taken with a current rule allowing the executive to call a ballot on any issue if it wishes, would allow for a pre-strike ballot if one was required.

However, they acknowledged the clear difference between these provisions and the mandatory requirement for pre-strike ballots which the conference failed to endorse.

Costs rise 1.2% for industry in single month

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE COST of fuels and materials bought by manufacturing industry rose by 1.2 per cent in November, compared with the previous month, but the underlying inflationary pressure on industry still appears relatively subdued.

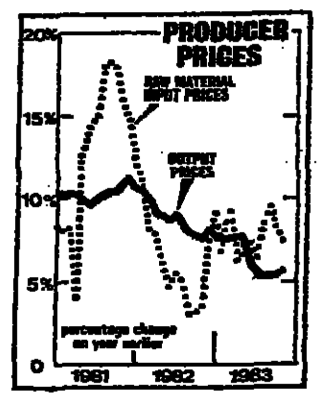
The latest figures released yesterday by the Department of Trade and Industry, showed that manufacturers' costs have been rising at an annual rate of just under 7 per cent in the first 10 months of this year.

Recent rises reflect the higher world prices for food and commodities. This compares with an average annual rate of increase of industry's input prices of 8 per cent over the last three years.

However, industry appears still to be absorbing part of these increased costs through higher efficiency. Yesterday's figures also showed that manufacturers prices selling prices rose by 5.7 per cent in the 12 months to November.

The index for the price of materials and fuels bought by manufacturers rose to 127.6 (1980 = 100), while the index for manufacturers' selling prices rose by 0.4 per cent between October and November to 126.8 (1980 = 100).

Although input prices rose steeply last month, they were scarcely changed between the first and third quarters of this year and fell slightly between September and October.



In the last six months the annual rate of increase in manufacturers' selling prices has been running steadily at about 5½ per cent.

This compares with the most recent inflation figure, which showed an annual rise of 5 per cent in retail prices in October.

Although some increase in the inflation rate is expected during the next few months, the Treasury is predicting that it will fall to 4½ per cent by the end of next year.

This projection is, however, more optimistic than those of most of the major outside forecasting bodies, which are predicting that inflation will be closer to 6 per cent by the end of 1984.

Print peace talks open

FINANCIAL TIMES REPORTER

BOTH sides in the Stockport Messenger dispute met officials at the Advisory, Conciliation and Arbitration Service for five hours yesterday – but had still not come-face-to-face by early evening.

Acas officials shuttled between leaders of the National Graphical Association and Mr Eddie Shah, chairman of the Messenger Group, as they held meetings in separate rooms.

The union was represented by Mr Tony Dubbins, general secretary elect, Mr Bryn Griffiths, president, and several national officers.

The talks are expected to last much of this week.

Mr Shah has said he will press his case for contempt injunctions on Friday if no agreement is found.

Meanwhile, Sir John Donaldson, Master of the Rolls, will today give his full judgment on the appeal he rejected last week from the National Union of Journalists against an injunction to end its strike at Dimbleby Newspapers.

The union is at present defying the injunction.

Mr David Dimbley, the group's chairman, said he will disclose after the ruling whether he will press a case for contempt.

NGA's fight for survival, Page 10

BP ends wrangle over Forties

By Richard Johns

BRITISH PETROLEUM has ended a long wrangle with the Department of Energy on the method of exploiting the south-east extension of the Forties Field. The compromise should clear the way for a £450m development.

Under the compromise announced yesterday, BP will install an unmanned satellite production platform connected with Alpha Forties, one of four conventional platforms on the main field nearly three miles to the north-west.

BP yesterday declined to say how much extra production could be expected from South-East Forties, but it is believed that the development of the extension would add another 50,000 barrels a – day to Forties output, which has been running at an average of about 450,000 b/d this year, but is set to decline.

BP had wanted to use sub-sea templates to exploit the extension, while the Department of Energy had insisted on a full-scale conventional platform arguing that one was necessary to maximise recovery of reserves.

Mr Peter Walters, chairman of BP, said yesterday that a satellite platform would involve a capital expenditure £50 to £60m more than would have been involved with subsea wells.

Mr Alick Buchanan-Smith, Minister of State for Energy, welcomed the plan to use a satellite platform as one which would "maximise economic oil production."

BP had been persuaded that there would be at least enough extra oil to cover the extra development cost.

One side-effect would be the order for another platform. But this consideration had not influenced the Department of Energy's approach to the problem, he stressed.

The compromise is the result of a joint technical study begun in August. Further work on the extension's reservoir performance will be required before it is known how much will be added to the recoverable reserves of the Forties structure as a whole.

Detailed development plans should be ready in the early part of 1984 – probably March – meaning that the extension would be onstream by 1987.

South-East Forties fall in block 22/6a, for which Shell and Esso have the licence. Together they hold a 5.2217 per cent stake in the main field. As a result, shares in the whole structure will have to be redetermined.

UK NEWS

MPs' proposals opposed over state borrowing

BY PETER RIDDELL, POLITICAL EDITOR

THE TREASURY has decided to reject proposals from an all-party committee of MPs for tighter parliamentary control over government borrowing.

Mr John Moore, the Economics Secretary at the Treasury, is due, during a House of Commons debate this evening, to give the Government's reply to a report by the Select Committee on Procedure (Finance) which was published last June.

The committee, chaired by Mr Terence Higgins, a Conservative MP, made recommendations about the consideration of financial proposals by the Commons.

The main suggestions were:

- Public-sector borrowing should be more closely monitored and controlled by Parliament;
- External financing limits of nationalised industries should be subject to parliamentary approval;
- Regular debate should be held every January to discuss the autumn economic statement after a report by the Treasury Committee;
- A taxes management Bill should be introduced for technical changes, separate from the main Finance Bill;
- More details should be provided of large items of long-term government expenditure which should be separately indicated and costed.

The most controversial item is the proposal that legislation should be introduced to provide for control by the House of Commons over the central Government's annual borrowing requirement on its own account. That excludes lending by Government to local authorities and nationalised industries, which are separately covered.

The proposals on borrowing could be dealt with by a parliamentary order which would have to be approved within a certain time limit. If the limit set was likely to be exceeded, the Government would have to return to the Commons for approval of a revised limit.

Treasury Ministers and officials made clear that they had considerable doubts about such proposals, which they felt would impose excessively restrictive controls over government operations.

Phone disruption feared

It is increasingly unlikely that the 1,400 British Telecom engineers in the three main international exchanges will return to work before Christmas, although 1,100 engineers returned to work in Central London yesterday.

This could cause serious problems at the two central London international exchanges, now being run by management staff, as calls build up over the Christmas period.

Senior officials of the Post Office Engineering Union (POEU) are already claiming that all transit calls from other countries that are usually routed through the London exchanges are now being redirected to other European countries.

BT, however, said last night that the international services were operating quite normally.

Agreement reached in Shell pay dispute

By David Brindle

LOCAL UNION representatives of 1,000 craft workers at Shell UK's oil refinery at Stanlow, Cheshire, agreed yesterday to recommend acceptance of the latest company pay offer.

The offer, which is thought by union officials to represent rises of up to £13.50 a week, will be put to a meeting of the workers tomorrow.

Negotiations with officials representing 1,400 Transport and General Workers Union members at Stanlow resumed last night. With the only difference in those talks being over the size of a lump sum payment, an end to the seven week strike at the refinery now seems in sight.

Details of the revised offer to the craft workers are not being divulged at this stageby either the unions or the company, but it is understood to be based on a rise of 4.5 per cent in basic rates over 15 months.

As with the TGWU process workers – who have accepted the same figure – the craft section will insist on payment over 12 months from January. It can, therefore be regarded as 6.2 per cent.

It is understood that the package also includes a £100 per head lump sum payment, consolidation of £4.30 in weekly allowances, and restructuring of other allowances worth up to £415 a year.

Redundancies at Coventry Climax plant

By Ian Rodger

COVENTRY CLIMAX, the fork-lift truck manufacturer sold by the state-owned motor company BL two years ago, is making 95 of its 1,081 workers redundant.

Climax lost £14m in 1981, the year it was sold to a private consortium led by Sir Emmanuel Kaye. Since then, two of its plants, at Warrington, Lancashire, and Batley, Yorkshire, have been closed. Only one factory remains, at Coventry, and the workforce has been halved.

The company said yesterday it would lose £2.5m this year and break even some time next year. It denied recurrent rumours that Climax's manufacturing operations would be integrated with those of Lansing, another depressed fork-lift truck manufacturer owned by Sir Emmanuel.

Injuries cut 20% since seatbelt law

By Kevin Brown

DEATHS and serious injuries to car drivers and passengers have fallen by 20 per cent since seatbelts became compulsory last February, Mrs Lynda Chalker, Transport Minister of State, told the House of Commons yesterday.

Mrs Chalker said that the figures were encouraging but could be even better. The Government planned to issue quarterly updates on the number of lives saved, as part of a monitoring exercise over the next two years.

DUMPING AT SEA SUSPENDED

Inquiry into nuclear waste

BY DAVID BRINDLE

THE GOVERNMENT has agreed to an independent inquiry into the safety of dumping low-level radioactive waste at sea.

Mr Patrick Jenkin, the Environment Secretary, told a TUC (Trades Union Congress) delegation yesterday that there would be no attempt to continue with sea dumping while the scientific investigation was being carried out.

As transport unions have been blacking and successfully preventing disposal of radioactive waste at sea, this concession may be rather academic. But the TUC representatives were clearly delighted at the progress they had made.

The idea of an independent inquiry, coupled with suspension of sea dumping, has been the principal demand made by the TUC delegation at the meeting with Mr Jenkin.

Mr Ray Buckton, the chairman of the TUC General Council who led the delegation, described the talks as "very useful" and Mr David Lea, assistant general secretary of the TUC, said "I think it's fair to say that we felt we had got the beginnings of a response from the minister."

The feeling of the delegation was that the TUC had, for once, identified and promoted an issue on which it could win strong public support.

Speaking after the meeting, Mr Buckton repeated several times that the TUC was voicing the disquiet of the public at large as much as that of trade unionists.

Mr Jenkin, agreeing that it was impracticable to try to dump waste, given the unions' present hostility, said: "I took the view that it was not sensible to proceed while the fears and suspicions remain."

Indicating a further thaw in Government-TUC relationships, he said it would be a joint decision on who would carry out the inquiry.

In addition, the Minister gave an assurance that there would be no question of dumping high-level waste at sea in the foreseeable future. He said such waste would be stored on land for at least 50 years while research continued into other means of disposal.

The TUC delegation had less success on two other points: a call for a block on any private sector involvement in nuclear waste disposal, and a suggestion of a new publicly accountable body to supervise Nirex, the government agency responsible for land disposal of radioactive waste.

UK NEWS

David Goodhart explains how new technology fears are behind a bitter dispute

Print union fights for survival

IN 1948 there were 10 craft unions in Britain's printing industry – today there is only the 130,000-strong National Graphical Association (NGA).

Now its size and craft status are under increasing threat from the rapid technological changes of the past decade.

The NGA clings tenaciously to the "closed shop" – which requires that all print craftsmen belong to the union – because it fears that without strong union organisation it will be wiped out by new technology.

Currently, the NGA is involved in a bitter dispute with the Stockport Messenger group in north-west England, over the closed shop issue.

The union's general secretary, Mr Joe Wade, says: "If new technology comes uncontrolled, if it comes because we did not get the right terms for its introduction, make no mistake about it, it will decimate this union.

"I hope that that is not the employers' aim. But sometimes I wonder."

The NGA points to the experience of its U.S. sister union, the International Typographical Union, whose membership has declined from 110,000 in 1967 to 38,000 after losing several new technology clashes.

The NGA's traditional role is threatened in three main areas.

First and most dramatic, direct input by journalists and tele-ad personnel on national and provincial papers could simply by-pass thousands of NGA jobs.

Second, new technology has led to the growth of instant print shops and in-plant printing operations in local government, banks and insurance companies.

Third, computer typesetting systems, now common throughout the industry, make long craft apprenticeships for typesetting unnecessary.

The latter point is well illustrated by the Stockport Messenger. The company has orthodox computer typesetting equipment, operated by four young women and one man straight out of secretarial college.

Mr Steve Hart, a Messenger director, said they were competent after just two weeks. In comparison, the standard NGA apprenticeship is four years – during much of which the apprentice is only semi-productive.

Under the old technology, NGA control operates in two main ways:

The union limits the number of apprenticeships. To guard against dilution, the Father of the Chapel (office shop steward) ensures that new workers have a clearance card showing they have been through the proper apprenticeship and are suitable to fill a vacancy.

The NGA thus becomes, in effect, the supplier of labour to the employer.

To prevent employers bypassing the NGA to tap alternative supplies of labour, the union operates rule 43. This states: "A member shall not perform any work that has either been received from or is going to an unrecognised office, except by permission of the National Council."

Secondary action – against an employer other than one directly involved in a dispute – is thus built into NGA rules.

But what has been its response to new technology as NGA craft workers face replacement by both lesser and higher-skilled workers (technicians and computer operators)?

The union has tried to recruit the new generation of white-collar workers and has started amalgamation attempts with other print unions – such as the National Union of Journalists (NUJ) – which will continue to play a crucial role in the direct – inputs systems.

Talks with the NUJ have broken down, but the NGA has also tried moving closer to other "media" unions, such as the Association of Broadcasting Staffs and the Association of Cinematograph, Television and Allied Technicians.

The NGA has also negotiated new technology agreements in individual companies. So far, these agreements fall short of accepting direct input on newspapers.

The only major paper to use direct input is the non-union Nottingham Evening Post.

More than 20 provincial newspaper companies – led by Portsmouth and Sunderland newspapers – also have agreement for direct input to computer by journalists and tele-ad personnel.

However, that input is then converted into a hard copy printout, and NGA members do the final input into the typesetter.

It is that final stage that the Newspaper Society, which represents provincial newspaper publishers in negotiations called Project Breakthrough, hopes to abolish with a national agreement by the end of next year.

Several companies have said they will go it alone if agreement is not reached

Threshold for income tax falls sharply

By Max Wilkinson

FAMILIES start paying income tax on much lower earnings than they did 30 years ago, according to Treasury calculations.

These show that the income threshold at which a married man with two children starts paying tax is now only three-quarters of its value in 1949–50, in real terms.

For a married man with four children, the real value of the tax threshold has fallen by 40 per cent in the period.

In this financial year, married men start paying income tax at 36 per cent of average earnings, but single men start paying tax at 23 per cent of average earnings.

The calculations disclosed in parliamentary answers, show that a 1p in the pound cut in the standard rate of income tax would benefit a married couple with two children and with average earnings by £1.26 a week.

Fast growth predicted for engineering plastics

BY CARLA RAPOPORT

THE worldwide expansion of the telecommunications industry will provide fast-growing markets for high-performance engineering plastics at a time when markets for most other plastics are expected to show only modest growth.

In a paper prepared for the British Plastics Federation, Mme F. Pardos, of Pardos Marketing in France, argues that a "new, massive demand" for engineering plastics will be created over the next 15 years by the growth of information exchange networks in Europe and overseas.

"The complex infrastructure to be built – bigger in scope than railroads in the 19th century and in a shorter time – will require huge amounts of sophisticated materials," says Mme Pardos.

Mme Pardos points out that Europe's output of engineering plastics grew by 89 per cent between 1973 and 1982, compared to a 22 per cent growth rate for commodity plastics. Total output of engineering plastics in Europe is now about 415,000 tonnes a year, compared with 13.3m tonnes of commodity plastics.

Most executives expect that growth in sales of commodity plastics will be between 3 and 5 per cent a year for the next few years. High-performance engineering plastics, however, are expected to grow by between 10 and 15 per cent a year.

Mme Pardos also predicts that the offshore and ocean exploration industries will also provide increased markets for high-performance plastics.

Looking ahead to new composites yet to be developed, she says that the scope for innovation in plastic was broader today than it had ever been "with very much to do and very little done."

Vauxhall plant to add shift at Ellesmere

By Kenneth Gooding

VAUXHALL, General Motors' UK subsidiary, has announced that its plant at Ellesmere Port on Merseyside will start double shift working on April 2 next year – four months earlier than originally planned.

Introduction of the second shift had been brought forward because of the high demand for the Vauxhall Astra range of cars and vans.

Production will rise from 38 vehicles an hour on one shift to an initial rate of 20 an hour on each of the two shifts. This will provide an extra 1,100 Astra cars and nearly 2,000 extra vans before the plant breaks for its summer holiday in July next year.

Vauxhall said yesterday that the order book for Astra cars had increased in the past two months by 30 per cent and obviously now expects to need more of the present models to carry it through to next autumn.

UK NEWS

UK drug companies criticised over promotion spending

BY CARLA RAPOPORT

THE BRITISH pharmaceutical industry has been accused of "atrocious" overspending on drug promotion by the head of one of the largest *drug companies in the U.S.*

Dr Bernard Canavan, president of Wyeth International, an ethical drug subsidiary of American Home Products (AHP), said at the group's Pennsylvania headquarters that such heavy spending on drug promotion was likely to rebound sharply against the industry in the form of harsher regulations on drug prices and new legislation aimed at encouraging the use of lower-priced generic drugs.

"I've been telling my UK colleagues for years that the UK marketing approaches are atrocious; they are overspending and they are going to kill the goose that lays the golden eggs," said Dr Canavan, referring to the arrangement between Government and the industry on drug prices and promotional expenditure.

Dr Canavan's comments come in sharp contrast to the long-held stance of the UK pharmaceutical industry. It has maintained that any further cuts in the £1.5bn NHS (National Health Service) drug bill *would be extremely damaging* to the industry and that its promotional spending and current levels of profitability are essential to maintain a strong research-based industry and continue its export achieve*ments.*

Wyeth, with estimated sales in the UK of about £20m a year, is not a major player in the UK pharmaceutical market, but it has significant sales across Europe. Its worldwide sales will be about $700m this year.

"Our marketing and development people spend more money in the UK than in all the European Wyeth companies combined," says Dr Canavan.

The Wyeth executive said he had decided to cut back his company's UK promotion severely.

Most drug industry executives said they fiercely disagreed with Dr Canavan's comments last week. They pointed out that the Government restricts promotional spending in the UK to just 10 per cent of sales; those who overspend are subject to sanctions on drug prices. In the U.S., a recent study showed that promotional spending was between 15 and 20 per cent of total sales of the industry.

The Government is in talks with the *drug industry on prices and the* industry's level of profitability.

FINANCIAL TIMES

ARCHITECTURE AT WORK

1983 Award for Industrial and Commercial Building

In only its second year the Financial Times Architecture at Work Award has more than justified the expansion from solely industrial architecture to include a much broader range of work places.

From a record entry of 111 high quality commercial and industrial buildings the assessors have found one clear winner – an office building that is outstanding as a remarkably pleasant and energy efficient place of work.

The assessors feel that 1983 is a vintage year for high quality entries. In any other year either of the two commended schemes would have qualified as a winner.

The FT Architecture at Work Award is considered by both architects and their clients to be an important catalyst in the process of raising the design standards of the places where people work.

This year the assessors were:

Sir Charles Troughton, Chairman of the British Council – *lay assessor for Financial Times.*

Terry Farrell, Architect, *Terry Farrell Associates*

Keith Scott, Architect, *Building Design Partnership*

Six entries were short listed and visited from which the assessors decided that there should be one winner and two commendations.

Winner

Gateway House, Basingstoke, Hampshire

Designed by:	Arup Associates Architects, Engineers and Quantity Surveyors
Main contractors:	Bovis Construction Limited
Client:	Wiggins Teape (UK) PLC

Assessors' Report

Very occasionally in a tough, countrywide review of short-listed buildings jurors have the joy of walking into a building and knowing instinctively that the search for the winner is over. Wiggins Teape's new headquarters at Basingstoke is such a building.

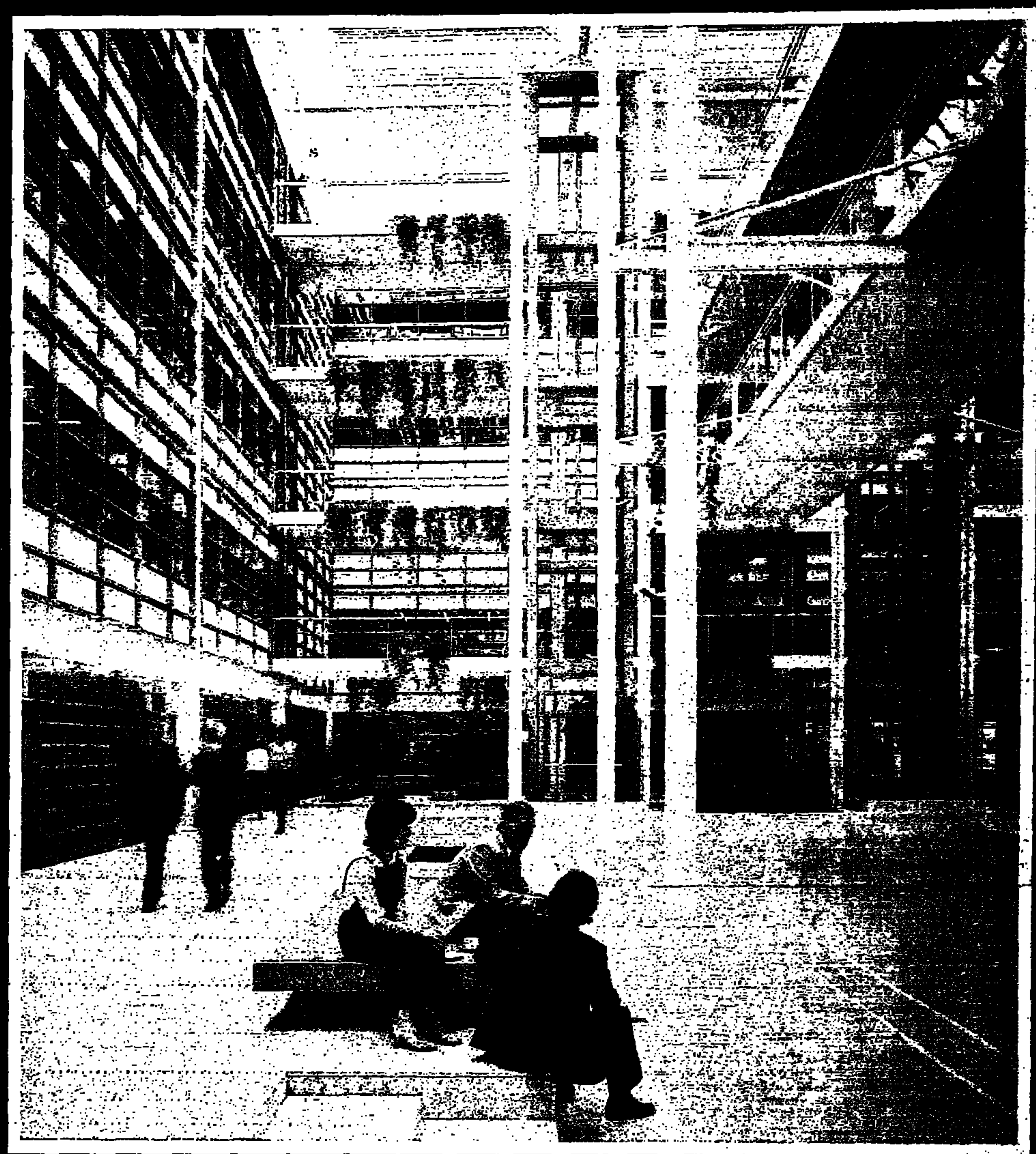
In an outstanding year for quality submissions, we were (before going to Gateway House) discussing which of the several candidates might win the Award. Should we make a priority of rewarding structural virtuosity or pay more attention to quality of working environment? Should we reward the dramatic difference that brilliant landscaping can make to a building or stress the softness that natural materials can impart to a fine concept? At Wiggins Teape the designers have found a sure touch which brings all these factors into balance.

The building dispenses with some of the technological niceties that we tend to accept without question in quality buildings. Structure is direct and made to serve the building's needs rather than the designer's whim. Air conditioning was not absolutely necessary because the site is sufficiently quiet and clean.

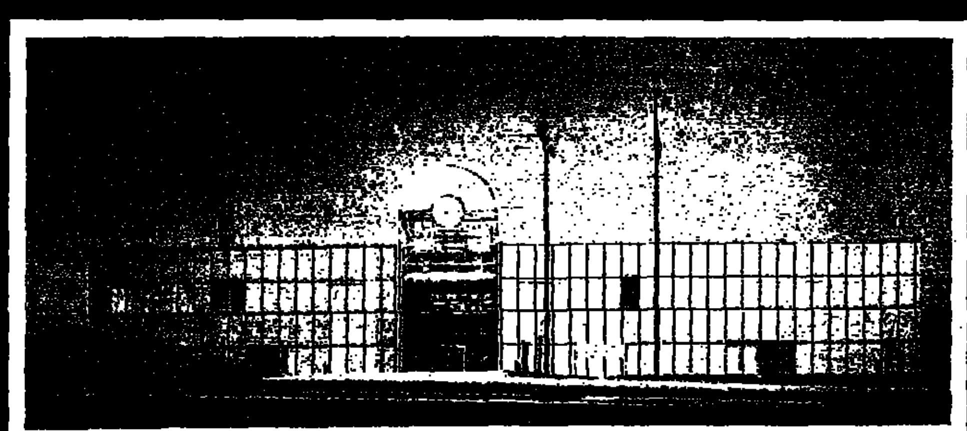
We felt the exterior was a little glum in its unrelieved dark brown livery but trees and terrace planting will soon grow and enhance the facades – as has already happened on the older neighbouring building by the same designers.

Internally the design is difficult to fault. The high top-lit atrium with circulation bridges and glass lifts make the central area a focus around which the life of the building revolves. It is not just a corridor to pass through but a place to savour, to meet in and socialise. We particularly enjoyed the cool control of colour. It seemed successful everywhere and was beautifully poised against the white structure and the warmth of the oak doors and screens.

There was much to admire too in both the detail and the economic functionalism of the mechanical and electrical solutions. Overriding all, however, was our conviction that here was a building built for people and epitomising the whole idea of the Financial Times Architecture at Work award scheme.



WINNER Gateway House



COMMENDATION Chester-le-Street Civic Centre

COMMENDATION Inmos Microchip Fabrication Plant

Commendations

Chester-le-Street Civic Centre, County Durham

Designed by:	Faulkner-Brown Hendy Watkinson Stonor Architects
Quantity surveyor and services:	Gleeds
Structural, electrical and mechanical engineers:	Cundall Johnston & Partners
Accoustic consultant:	Grootenhuis Allaway Associates
Landscape consultant:	Mr. H.J. Lowe
Management contractor:	Wimpey Construction (UK) Limited
Client:	Chester-le-Street District Council

Assessors' Report

Our immediate reaction to this building was to marvel that in today's straitened economic circumstances a small town could produce such a civic gem. We were excited by such an optimistic statement of the future of the North-East. The new town hall offers a vivid image which is quite starting in contrast to its surroundings.

While it celebrates modern construction materials and methods it also creates a pleasant working environment. The high glazed pedestrian route through the building is open and welcoming – we felt the roof slope following the site contours was fully justified. We did have some reservations about the way the public are treated when doing business – they either wait rather self-consciously in small areas off the spine to pay their rates through small windows, or they are ushered into rather tiny, sealed interview rooms.

The architecture really succeeds for the people who work there. The huge airy landscaped offices are quite beautiful and views in all directions ensure that one is always aware of the total form and the outside world. It is an open building, much used by the public, particularly the good restaurant areas, and Chester-le-Street should be proud of this bold civic building.

Inmos Microchip Fabrication Plant at Newport, South Wales

Designed by:	Richard Rogers and Partners Limited
Structural engineers:	Anthony Hunt Associates
Mechanical engineers:	YRM Engineers
Quantity surveyors:	Hanscomb Partnership
Main contractor:	Laing Management Contracting Limited
Client:	Inmos Limited

Assessors' Report

Inmos is a tour de force. One feels that a strong diagram for a building has been determinedly and consistently, even ruthlessly, carried out. An axial formal plan around a central route provides orientation and overall architectural discipline. This Inmos spine is the primary focus for structure, plant and service distribution routes; it is also a reception area, sitting space, meeting area and social focus for everyone in the building. Functionally, the building is totally assymetrical. One half is an environmentally controlled concrete box; a highly sophisticated factory of the computer age, with no windows and where all who enter wear complete sterilized outfits which cover *all* the body except for eyes and nose. The other half is primarily offices and canteens which are under-played and even rather bland for a workplace within what, externally, is one of the most dramatic new buildings in Britain.

Externally, the structure and servicing systems are exaggeratedly self evident but without doubt it is a very dramatic, theatrical and even glamorous expression of technology. However the plethora of ties, trusses and trunking could foretell maintenance difficulties.

The building is an astonishingly confident gesture, intended to be as much an external symbol of the new age of computer engineering as a working environment. However, when rather everyday parts of the building are examined – like the offices, canteen and the external chemical storage plant – the consistency of the total design concept does not appear to have been as successfully followed through as it might have been.

Ballet in Paris

Clement Crisp on new works by Americans

Four works by American choreographers made up a new programme on Saturday night, on view at the Opéra Comique in Paris—now known as the Salle Favart. With the exception of Merce Cunningham's *Inlets 2* (a re-working of his 1977 *Inlets*) the evening proposed the unedifying sight of fine dancers from the Opéra and from the ballet company's Research Group brutalised by wearisome, flatulent dances. It was a desperate occasion—*Inlets 2* the happy breathing-space—wherein the clarity of the dancers' training and their handsome gifts were variously tormented and used to the dubious choreographic ends of Tim Wengerd, Karole Armitage and Louis Falco.

Tim Wengerd's *Marée de morte eau*—an odd title suggestive of dead calm at sea and here embodying a commentary upon a Garcia Lorca quotation about avoidance of life—featured three couples and a group of six girls, all in basic underwear. To a droning score by Morton Feldman, the women occasionally donning white skirts which also served as Mother Hubbards and as Loie Fuller draperies, Mr Wengerd devised some flaccid, non-committal movement which might have passed unnoticed were it not for the fact that his cast was led by the *étoile* Wilfride Piollet, and also included several of the Opéra's brightest young soloists who had been so alert, so classically at ease only a month before in *Raymonda*. I found that Mr Wengerd (whom we have admired as a soloist with Martha Graham) made them appear uneasy, out of sorts.

There followed *Inlets 2*, Cunningham's adaptation of an earlier piece for the dancers of the Opéra's choreographic research group. It was not just the gentle gurgling of water in John Cage's accompaniment that made this seem an oasis in a Sahara of choreographic banalities, but also the spaciousness and gentle inevitability of the patterns of an aleatoric action in which dancers expose movement ideas, and pass them on to their colleagues with a mysterious logic. The cast looked uniformly fine, classically true, as—ironically for this most adventurous choreographer—does the dance itself.

Cunningham's sense of repose, his revelations of strange, intriguing relationships, was wholly destroyed by a work from Karole Armitage (a one-time Cunningham dancer) who now has a modish reputation for pounding rock-inspired assaults upon her audiences' ears and her dancers' bodies. *Massacre on MacDougall Street* was made for the research group last year, and is a prime example of the new barbarism. It offers a battering repetitive score by Rhys Chatham, raucously over-amplified, and loutish dancing that is supposed to refer to Balanchine's *Slaughter on Tenth Avenue*, a link no less surprising than if it had been to *Mansfield Park*. The dancers barge and rampage through a setting of doors and wooden flats, their curiously old-fashioned behaviour reminiscent of the urban violence (but not of the theatrical excitement) of Robbins' *West Side Story* or *N.Y. Export: Opus Jazz*. Miss Armitage manifests little of the structural finesse or the vocabulary to make this other than a brutish display of coarse energy, while the essential distinction of her dancers' style asserts a refined articulation which her crass dances cannot quite degrade, try though they may.

The same comment can serve for Louis Falco's *Black and Blue*, a boxing ballet in which some of the Opéra's finest dancers — the *étoiles* Jean Guizerix, Florence Clerc, Charles Jude; the very gifted younger artists Mlles Pietragalla and Redont; MM Olivieri and Romoli—play out various clichés of the ring. Men and women alike are shown as boxers, and a group of space-men parade like a chorus-line behind a scrim and finally join the action to pile up the defeated contenders in this meringue-weight contest like corpses at the end of a street-brawl in *Romeo and Juliet*.

There is an accompaniment of noxiously sentimental ballads; the dancing by Guizerix and Jude, Olivieri and Romoli, is superlative, and what thin rewards the piece offers come from watching artists of this stature trying to redeem choreographic shoddy. Florence Clerc seemed put-out, and I do not blame her.

Merce Cunningham, an example now as always, showed dancing as an art that enhances its interpreters and our experience; in the rest of this programme choreography was either a form of cheap-jack salesmanship or of grevious bodily harm.

Elly Ameling/Wigmore Hall

David Murray

Miss Ameling's programme on Saturday was entitled "Songs from the Music Halls of the World", suggesting something more raffish than we actually got—cabaret, operetta, café-concert and American musicals were all represented. Since there were just 14 songs, it was a doubly lightweight recital, but engaging. Miss Ameling's accompanist, Rudolf Jansen, again contributed imaginatively to the proceedings, with smoky preludes to each half and some jazzy excursions in Gershwin. Besides a folk song in very ripe Dutch, the soprano offered numbers in French, Spanish, German and only slightly foreign American.

The prevailing tone was relaxed and playful — nothing mordant, nothing heart-wrenching: melancholy pieces became exercises in style. In this territory, classical singers must tread a fraught path between the Scylla of slumming and the Charybdis of sounding like sincere amateurs out of their depth. Miss Ameling managed a tolerable success through chatty candour and evident pleasure in the songs; if the niceties of her vocal production (which aren't quite to the purpose in such material) didn't let one forget what sort of singer she really is.

In Poulenc's song for Yvonne Printemps, in Hahn and in Kosma's evergreen "feuilles mortes" Miss Ameling was elegantly charming. In Satie she was better still—she has the knack for pawky directness that best sets off his fine cabaret pieces. Her pretty Hispanic turns were by Guastavino and an Argentinian lady, Lia Cimaglia; in German, there were one of Schoenberg's *Brettl-lieder* and "Vienna, city of my dreams" (with sumptuous support by Jansen). North American ears like mine are provincial about what they'll accept in Gershwin: "The Man I Love" just about worked as an abstract study. "By Strauss" and "My Cousin from Milwaukee" seemed plummy and foreign. Numbers written to be *put across* are different from numbers meant just to be sung.

The Tate Gallery/William Packer

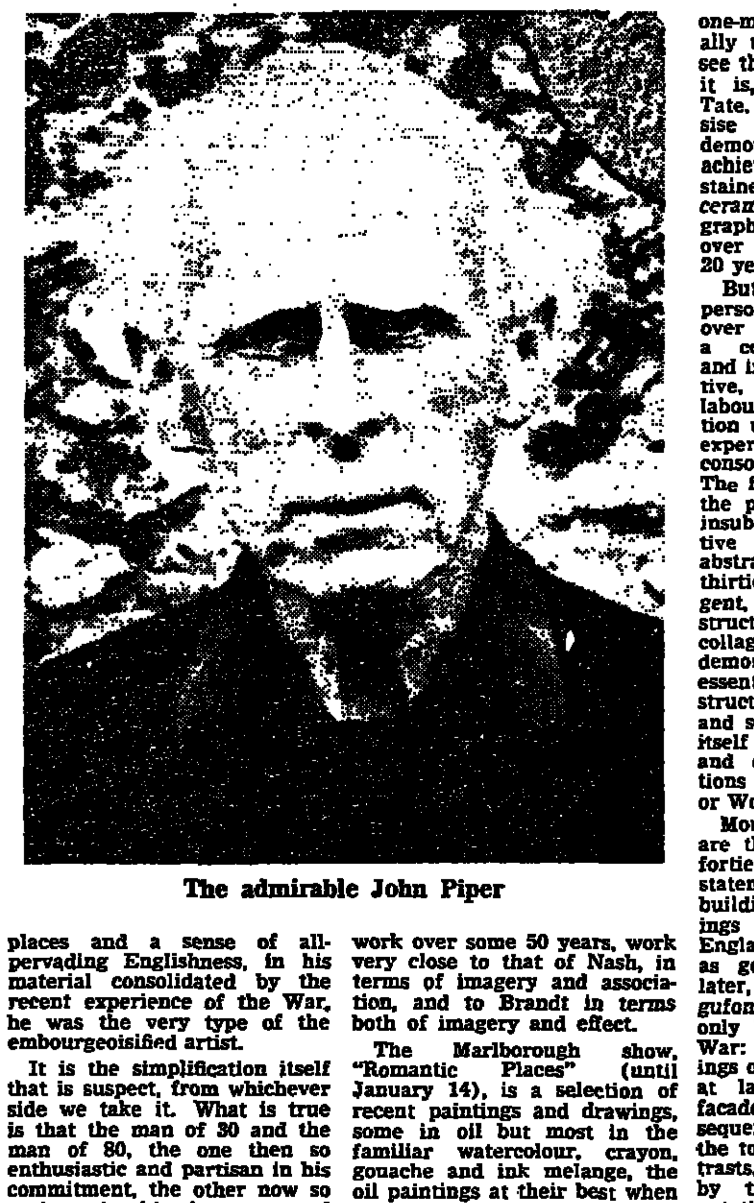
The admirable Mr. Piper

John Piper's career, still continuing and as active as ever, is quite as extraordinary as it has been long, full of shifts, diversions, reversals, apparent contradictions. At 80 he is one of the last survivors of that embattled pre-War avant-garde that was so torn between the heady, indulgent excitements of surrealism on the one hand and the equally contentious purism of constructivism and abstraction on the other.

That group, visited in those days by partisan contoversy and general obloquy and derisions at home and self-consciously European in its associations, interests and dispositions, was destined to achieve a resolution in its work that was peculiarly and potently English: poetic, suggestive, civilised, picking up all the resonances of the old, deeply English romantic tradition in imagery of landscape, architecture and nature, the outward show of modernist practice notwithstanding. The acceptance that such artists as Moore and Nash, Sutherland, Hepworth, Nicholson, Hitchens and others, Piper of course prominent among them, won so variously for themselves in their middle age—a span that may be characterised conveniently as from before the War to after—marks one of the most abrupt revolutions in public taste in the recent history of our cultural life.

So sudden a change of fortune and standing is always likely to carry with it certain penalties, and indeed, in their several ways and to different degrees, all these artists have suffered, if only temporarily, in their critical reputations: for in a society so irremediably antipathetic to anything the least bit modern, innovative or merely experimental, what could possibly be more suspect than the sight of the Prodigal giving into the pressure, or the temptation, and being welcomed back to his comfortable bourgeois home. And Piper's misfortune it was, perhaps, to appear most suspect of them all.

Here after all was the man who in the mid-thirties had presided over the old Seven and Five Society's last exhibition in its militant and terminal abstract phase, and yet by the War's end, barely ten years on, had been but lately patronised by Their Majesties, had received many official commissions through the War Artists' Advisory Committee, was much involved in the Theatre, and was soon to be appointed Trustee of the Tate. What with all this, and his Shell County Guides, his topographical illustration, his biography written by John Betjeman to fix his reputation as a Penguin Modern Painter, his name made, but made safe by books and country places and a sense of all-pervading Englishness, in his material consolidated by the recent experience of the War, he was the very type of the embourgeoisified artist.



The admirable John Piper

It is the simplification itself that is suspect, from whichever side we take it. What is true is that the man of 30 and the man of 80, the one then so enthusiastic and partisan in his commitment, the other now so various in his interests and achievement, are the same man; and what is more what he did then stands in a clear relation to what he does now, the one thing leading on naturally to the next in unforced progression.

The time has come to set the record straight, his 80th birthday an excuse that is hardly premature, and one major exhibition with two significant pendants, all now in London, give us exactly that opportunity. The definitive restrospective is at the Tate (until January 22, sponsored by Mobil) and inevitably it embraces the other two, but their narrower focus adds in each case a most useful, even necessary gloss. "The Romantic Landscape," at the Olympus Gallery (until January 6), is a survey of his photographic work over some 50 years, work very close to that of Nash, in terms of imagery and association, and to Brandt in terms both of imagery and effect.

The Marlborough show, "Romantic Places" (until January 14), is a selection of recent paintings and drawings, some in oil but most in the familiar watercolour, crayon, gouache and ink melange, the oil paintings at their best when they most closely match the thinner, more fluid, lively, and in this case dramatic medium. For once we see him shown for the most part at his strength, exploiting his unique alchemical gift of conjuring out of the black air architecture at its most romantically theatrical, ivied towers, crumbling walls, moss and lichen, moat and hall, pleasing decay. And if we have seen it all done before he does it so well at his best that we are bound to forgive him, though he made his first demonstration more than 40 years ago in the smoking ruins of Coventry, and high up on the rooftops of Windsor Castle.

Piper has not always been his own best editor, a failing he holds in common with many other prolific artists, and he has not lately been best served by one-man shows at best uncritically unselective: it is good to see this, the latest, as strong as it is, especially so since the Tate, wishing perhaps to emphasise the earlier work and to demonstrate the scope of the achievement in so many fields—stained glass, theatre design, *ceramic, illustration, photography*—skates rather rapidly over the painting of the past 20 years.

But to sustain a truly personal vision at such a level over so many years is in itself a considerable achievement; and if the Tate, in its retrospective, feels it unnecessary to labour the point, its concentration upon the earlier period of experiment, emergence and consolidation is fully justified. The first three rooms confound the prejudice that there is an insubstantial butterfly, decorative but light-weight. The abstract engagement of the thirties is serious and intelligent, the transition from constructivism to the landscape collages quite logical in the demonstration, the underlying, essentially abstract pictorial structure still evident, strong and sound, though the imagery itself may be as deceptively free and delightful in its associations as anything by Nicholson or Wood 10 years or so before.

More impressive, however, are the paintings of the early forties ,the definitive pictorial statement of blitzed and ruined buildings, and the first paintings of the great houses of England. Their consummation as genre would come rather later, at Renishaw and Montegufoni (*English perhaps but only by association*) after the War: but these are the paintings of an artist sure of himself at last, the structure of a facade reduced to the simple sequence of facet and screen, the tonality extreme in its contrasts, each surface established by the simplest descriptive notation. They are memorable images: Coventry Cathedral; Chirst Church, Newgate Street; Seaton Delaval; Lacock Abbey.

But John Piper's substantial achievement lies not so much in the particular qualities and strengths of certain works, as in something more general and diffuse. In withdrawing, as he seemed to do at that critical period of the War, from overt avant-garde ambition, to spread his talents more widely and generously, he has done more good perhaps than almost any artist in our time, in communicating his vision, and opening others' eyes to the ways in which an artist may see the world. If those others, less generously catholic than he, see only so far as he shows them directly, that is hardly his fault.

War Requiem/Festival Hall

Andrew Clements

As the slow trickle of biographical fragments has steadily revealed, Britten was essentially a private, inward-looking character. The problem with his *War Requiem*, it might then be supposed, is that of a public piece — and has there been a more public commission in British music in recent times than for the consecration of the new Coventry Cathedral in 1962? — composed by an artist whose sensibility shunned grandiloquence and simplistic gestures.

That explanation is partially true. Some of the weakest passages in an uneven work are those for the chorus alone, settings of the requiem mass for which Britten fails to find a resonance in his own language. Where the music becomes more ambiguous, an ambiguity built into the conception by the use of Owen's marvellous poetry, the tone is immediately raised; the last third of the Dies Irae, the whole of the Agnus Dei and the Libera Me represent the composer at his finest. Yet there is something vital missing in several of the other juxtapositions of Latin liturgy and 20th-century verse: the insertions of "What passing-bells" into the Requiem Aeternam and the first two poems in the Dies Irae work expressively only as surrealistic shocks; the two layers of texts do not interact at all in the way Britten intended.

Those cracks in the whole conception that cannot be easily obscured, even in the more affectionate and precise account. On Sunday Mtislav Rostropovich conducted the London Philharmonic Choir and Orchestra with Tiffin School Boys Choir in the *War Requiem*. It was a performance of perhaps surprisingly even demeanour; the extremes of speed and intensity that characterise some of Rostropovich's other interpretations as a conductor were not in evidence here. He still showed a relish for the work's more patently theatrical moments, such as the sudden reversal to the main theme of the Dies Irae after "Be slowly lifted up," and the strangely hollow triumph of the reprise of the Hosanna in the Sanctus; elsewhere there was a concern for *texture and balance, a careful* nursing of the excellent choirs that kept a clear perspective.

The solo singing contained one direct link with that Coventry premiere 21 years ago, and the Decca recording, conducted by the composer, made soon afterwards. Calina Vishnevskaya was again the soprano, worn of tone and uncertain of pitch sometimes but absolutely compelling in her fierce implacability, in a part that demands a nerveless, impersonal approach. The Lacrimosa, intercutting chorus, soprano and tenor singing "Move him into the sun," was extraordinarily moving, Britten's conception working magically on every level. Robert Tear and John Shirley-Quirk were the familiarly eloquent tenor and baritone; perhaps Britten had in mind a heavier, blacker voice than Mr Shirley-Quirk's but he sang with unfailingly sensitivity to the sound and sense of the words. Yet a performance as persuasive as this almost emphasises the problem; a view of the requiem less complete might, paradoxically, make the work cohere better albeit on a lesser, more prosaic plane.

Bumbry & Verrett/Covent Garden

Max Loppert

Sunday's Celebrity Concert by two of opera's superstars was one of those events fun to contemplate but rather wearisome actually to sit through. Grace Bumbry and Shirley Verrett, after years of competing in almost exactly the same theatrical fields (both started their careers as mezzo-sopranos and now prefer to be designated as sopranos), have come together as recitalists—first in New York and now in London, where supported by the Royal Opera Orchestra under the Argentinian conductor Michelangelo Veltri, they put together a programme of solos and duets from 19th century Italian opera.

The enjoyment of the evening, such as it was, was derived from two not exactly parallel and not often confluent sources—the sense of occasion (the audience rose warmly to the singers, who rewarded them with a more than generous share of rafter-raising top notes and a change each of glamorous costume after the interval) and the artistic impression of the singing. The latter, to start with, was somewhat disturbed by the feeling that, with orchestra and singers on a raised platform before the curtain, the whole thing was taking place in one's lap. The first-half offerings relied mostly on displays of power—appropriate to the *Gioconda* duet and Miss Verrett's Lady Macbeth entrance aria, less so in the *Anna Bolena* duet for the heroine (Bumbry) and Seymour (Verrett), whose carefully built paragraphs and eloquent *bel canto* inflections were turned pretty much into a prolonged shouting match.

Thereafter, things calmed down. It was fascinating to compare and contrast the handling by both artists of material for which it might be claimed neither is naturally suited — Miss Bumbry's "pace, pace" (*Forza*) and *Adriana Lecouvreur* entrance (with some cleverly floated climaxes), Miss Verrett in Desdemona's Willow Song and Prayer. The former has, it seems, preserved the firmness of her middle and low registers at the expense of some touch-and-go excursions higher up; one character came out much like another.

Hand on heart, I could not swear that there was a single vocal moment in the entire concert which did what such occasions are intended to do—flood the senses with the ravishment of beautiful sound, of fine detail lovingly traced, of total mastery of means and material. Powerful and unsubtle *Norma* Act 3 duet; *Aida* Act 2 (Verrett in the title role, Bumbry as Amneris) conveyed at least a strong sense of theatrical exchange. Mr Veltri and the orchestra, courteous accompanists all, brought a whiff of the delicacy for which one was hungering, a good deal of the time, in the Intermezzo from Wolf-Ferrari's *Quattro rusteghi*.

Sleeping Beauty/RCM

Max Loppert

A small and delightful surprise at the Royal College of Music last week: two showings (in Andrew Page's translation) of a Respighi rarity, *La bella dormente nel bosco* of 1916, an operatic *Sleeping Beauty* of real charm, delicacy, and finesse of workmanship. Respighi's popular association with brash orchestral showpieces has done the range and variety of his compositions some injustice, if this unassuming but deftly put-together student performance was anything at all to go by.

Sleeping Beauty, begun just after the completion of *Fountains of Rome*, could hardly be more different from it. Intended for and first given in a puppet theatre, and later revived for child mimes, it is in fact a finespun piece of opera-pantomime gossamer combining dance and song, Perrault-derived fantasy and touches of quaint modernity (Prince Charming is a Bright Young Thing from the Flapper Age; Respighi invites his celebrants to close the opera with a contemporary popular dance, so the rock finale devised here was both apt and amusing).

Respighi's score, which adds piano and celesta to its canvas, weaves into his sweet-toothed fairy music (complete with off-stage choruses and a Straussian high soprano as presiding good fairy) some contrastingly sharper elements, touches of Prokofiev-like motorised glitter. It is not a work that proposes any kind of Major Statement; but for the pleasure of its elegant proportions—not a bar too long in any of its three acts—this was a happy discovery. Companies in search of a children's operatic entertainment that will also please the adults in attendance should give it a thought.

The producer, Kay Lawrence, was also the choreographer; and her skill in getting a largely untried student cast to move freely and unembarrassingly in animal and fairy costumes made for an air of freshness in the performance that easily survived some patches of only modest solo singing. Underpinning her work was the playing of an excellent student orchestra under David Tod Boyd. The whole thing did the RCM Opera School credit.

The Call of the Wild/Riverside

Martin Hoyle

The faltering English of the presenter, identified as Jack London himself, soon gives way to the story of canine hero Buck (rhymed variously with book and nuke) told with puppets, models and actors. Despite the sporadic charm and ingenuity of its hour's duration, I'm not sure whether the Theatre of the Crumbs' spectacle was worth importing from Italy to Hammersmith.

The company (sister ensemble to the Collettivo of Parma) has imposed a framework on the story drawn from the same author's *People of the Abyss*, a horrifying picture of London's poor in 1902. The link with Alaskan sled-dogs is tenuous: in such squalor people even envy animals, we are told; then, hey presto, back to the snowy wastes, Berlioz and Chaikovsky, in a pretty unlikely subject for an East End dosser's fantasy.

The Italian obsession with being considered lovable accounts for some cute moments, but some delightful ones too. The trip north is depicted by an electric train going round in circles, actors adding and rearranging toy scenery. A tiny covered wagon and hot air balloon pass by. Panels of miniature snowscapes and town streets have the bright clarity of paintings on glass. Birds and woolly seals fly and leap, their visible manipulators forgotten.

The narration is in Italian, which may put children off. The social awareness lies uneasily in this context, but as two London derelicts held up a cloth on which was suddenly projected film of Buck romping through the woods to Chopin, it became clear that the primary emotional colours, straightforward narrative and simple morality belonged to that most modish of artistic rediscoveries: the silent cinema.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

December 2–9

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Hansel and Gretel is conducted by Philippe Sanjust. This week's highlights are Aida with Eva Randova and Martti Talvela and Der Troubadour conducted by Herbert von Karajan. The magic flute rounds off the week. (34381)

Hamburg Staatsoper: Premiering this week are Arnold Schönberg's three small operas, Ein Überlebender aus Warschau/Die Glückliche Hand/Die Jakobsleiter, show for the first time in Hamburg. They are produced by Peter Mussbach and conducted by Christoph von Dohnanyi. Der Barbier von Sevilla has Agnes Baltsa in the part of Rosina. Hansel and Gretel has Olive Fredricks and Gabriele Fontana in the leading roles. (351151)

Frankfurt, Opera: The revival of Pariser Leben has Tamar Rachum and Bodo Schwanbeck in the main parts. Die Zauberflöte has Manfred Schenk as Sarastro. Der Türke in Italien is steered to triumph by Volkmar Olbrich's conducting. (25621)

PARIS

World Premiere of Olivier Messiaen's Saint François D'Assise conducted by Seiji Ozawa, produced by Sandro Sequi, costumes and decor by Guiseppe Crisolini-Malatesta with Christiane Eda-Pierre as The Angel. Jose van Dam as Saint François alternates with Glazunov's ballet Raymonda in a new production, Rudolf Nureyev's choreography; reinterprets Marius Petipa. Decor and costumes by Nicholas Georgiadis, conducted by Michel Sasson/Michel Queval at the Paris Opera (266 5022)

ITALY

La Scala, Milan: Turandot conducted by Lorin Maazel with scenery and costumes by Franco Zeffirelli. Placido Domingo and Katia Ricciarelli. (Wed).

Contemporary Ballet by the Paris Opera ballet Corps and choreographic research group to the choreography of Merce Cunningham, Louis Falco and William Forsythe at the Opera Comique - Salle Favafi (296 0611)

NEW YORK

Metropolitan Opera (Opera House): The 11th week of the centenary season features the first seasonal performance of Tristan and Isolde conducted by James Levine with Hildegard Behrens as Isolde and Richard Cassilly as Tristan, with Dialogue of the Carmelites, sung in English, conducted by Manuel Rosenthal with Frederica von Stade as Blanche and Johanna Meier as Madame Lidoine. Other performances of the week include Pier Luigi Samaritani's new production of Ernani, and Don Giovanni. Lincoln Center (580 9830)

New York City Ballet (New York State Theatre): The third week of the season is the first full week of the month-long performance schedule of The Nutcracker. Lincoln Center (870 5570)

Alvin Ailey Dance Company (City Center): A week of mixed programmes celebrates the 25th anniversary of a leading American company that cheerfully mixes spirituals, classical, jazz and Broadway tunes. 55th E. of 7th Av (581 7907)

The Merry Widow: Light Opera of Manhattan takes on Lehar's story of Belle Epoque Paris as experienced by romantically inclined Marsovian widow. 334 E. 74th (861 2288)

WASHINGTON

Paul Taylor Dance Company (Eisenhower): A fortnight's mixed repertoire of one of America's favourite modern companies. Kennedy Center. (254 3670)

LONDON

Royal Opera House, Covent Garden: Esclarmonde, a rare Massenet opera, comes to Covent Garden because of the enthusiasm and aptitude for the title role of Joan Sutherland; the production by Lotfi Mansouri, originally from Vancouver, is conducted by Richard Bonynge. On Sunday evening the high-powered combination of Grace Bumbry and Shirley Verrett can be heard in an evening of duets. (240 1066).

English National Opera, Coliseum: Mireille, the most musically inspired of Gounod's mature operas, is produced for Valerie Masterson; Serge Baudo makes his debut in British opera. The rest of the schedule contains the unexpectedly successful new production of Britten's Rape of Lucretia, a lacklustre revival of The Tales of Hoffmann, and Madame Butterfly with a promising new set of leads, Eiddwen Harrhy and Rowland Sidwell. (836 3161).

AMERICAN BALLET

From Napoleon to Sinatra, the American Ballet Theatre's month-long season at the Kennedy Center in Washington consists of 17 works including a final fortnight of Mikhail Baryshnikov's new staging of Cinderella for the Christmas season.

The Napoleonic programme is the world premiere of Natalia Makarova's Paquita after Papita and is included in Tuesday's opening night with Twyla Tharp's Sinatra Suite, set to four songs made famous by Frank Sinatra.

The season will have two other Tharp dances, one of them a world premiere set to a Bach Partita. Other works in the mixed programme are choreographed by George Balanchine, Eugene Loring, and Lynne Taylor Corbett for the company whose principal dancers include Cynthia Harvey, Susan Jaffe, Patrick Bissell and Clark Tippet. Cinderella, premiering December 20, boasts a lavish Santo Loquesto set with Peter Anastol choreography combined with Baryshnikov's staging. Opera House (254 3770). After closing in Washington on New Year's Day, the company *starts a cross-country tour taking in* Miami, Boston, Chicago, San Francisco, Los Angeles, Minneapolis and Detroit through early April.

Marilyn: An American Fable

Frank Lipsius

Like the backdrop to *Marilyn: An American Fable*, which lit up the word "Hollywoodland" across the breadth of the Minskoff, this musical was too much by half. Written and produced in America, the only relation this could have to the London show of similar subject would be as the wrapper in which the other one came, assuming the London forebear did anything more than sprinkle the stage with stardust and wrap its star in tinfoil and ermine.

For Marilyn's psychological deterioration, the book by Patricia Michaels worries itself as much about the early hour of filming schedules as the bad scripts and her terror that the Strasberg acting method was discovering nothing inside to project outward. As satire, it would have had a better chance, but when a song called *Bubbles* is meant to be a *pièce de resistance* with a chorus of ten plumbers in pink sequined overalls, its self-mockery slides from fun to grotesque.

The five writers credited with the music and lyrics did come up with a couple of good songs, particularly a heartfelt *You Are So Beyond* that a starstruck fan, played endearingly by Willy Falk, sings to his idol, and *When You Run the Show*, that is done by three characters called Destiny who do the stardust sprinkling. But none of the good songs are reserved for the star. In fact, she is stuck with one particularly unsympathetic number called *Cold Hard Cash* that bears comparison to the top-of-the-line in the genre of *Diamonds are a Girl's Best Friend*, as costume jewelry to the real stuff.

For all the tinsel and tawdry effect, director Kenny Ortega has some sharp scenes and telling effects to surround Marilyn herself, whom Alyson Reed manages to imbue with some of the Monroe magic. After a scene of teenage awkwardness with ghoulish makeup, Marilyn gradually emerges to full stature in every way. If, at times, her wardrobe seems stolen from Mae West's closet, it does draw on 1950s purples and ermine collars, though a mobile-home dressing room to match a dress does seem to go a step beyond even the necessary excess.

T.A. Stephens and Peggie Blue (formerly one of the Crystals singing group) make lively Destinies, despite a thankless part that was too clever by much more than half. But all the other actors were upstaged by 11-year-old Kristi Coombs as young Norma Jean, whose one song, *A Single Dream*, opens and closes the show and sets this bright young extremely well-adjusted looking child on her way to a career of her own.

If Marilyn died still "waiting for a dress I can sit down in," as she says at one point, the show's backers lavished millions on preserving that image of her.

books

FOR THE BUSINESSMAN

The handover ceremony. David Howell, then Secretary of State for Transport, receives a £53.5m bankers draft from Peter Thompson, head of National Freight Consortium, to complete the purchase of the company

A UNIQUE BUY-OUT

How the NFC deal was put together

The National Freight Buy-Out
by Sandy McLachlan. 208 pages. £15. Macmillan Press.

THE EMPLOYEE buy-out of the National Freight Consortium at the beginning of 1982 was a unique transaction. Over 10,000 employees and pensioners of the company, including about a third of the workforce, invested over £6m of risk capital in a package of loans and equity amounting to £53.5m, with which they bought ownership of their business from the Government.

Most of those involved would never normally have considered putting their savings into company securities. And they acted in the face of the outright opposition of one of the main trade unions involved in the company. Small wonder that in political terms the deal was regarded as an important step on the path to a share-owning democracy.

According to one of the main characters in the story—NFC's chairman, Mr Peter Thompson—there were seven main factors behind the success of the buy-out. These were:

- a participative management style;
- high-quality communications;
- first-class consultation machinery with trade unions;
- profit-orientated remuneration;
- this concept extended to wage earners to replace quantity-related bonuses;
- ability to measure profitability in relatively small units;
- a workforce which, given the opportunity, was prepared to take a share in the business.

To which must be added the strength of Mr Thompson's own personality as a driving force behind the deal, and the active support of a merchant bank which was owned by a clearer (Barclays) and which was anxious to show its mettle.

Sandy McLachlan's account of the buy-out, which was commissioned by the NFC management, is a little breathless in style. A large number of very wonderful people were, it seems, involved in all stages of the affair.

But his book serves two useful purposes. It provides a straightforward account of the story, which will be of particular value to anyone else considering a large-scale buy-out and it takes proper note of the problems as well as the advantages of employee-owned companies.

For instance, conflicts of interest have already started to appear between those who took the initial risk—and now see a handsome rise in the value of their shares—and those who missed the boat, sometimes through no fault of their own. These are the problems of success. If things were ever to go badly wrong, there would be obvious dangers in employees having their savings invested in the company which also paid their wages.

Given time, there seems to be a good chance that NFC will become a more efficient company as a result of being owned by its employees rather than by the taxpayer. But, McLachlan concludes, "I think that Peter Thompson's vision of spreading a new attitude throughout the whole of NFC's 25,000 workforce is likely to be a longer-term exercise than he would like."

RICHARD LAMBERT

MULTINATIONAL COMPANIES

Need for better public image

Multinationals and Political Control
by John Robinson. Gower Publishing, £25. 517 pages

AN AWFUL lot of nonsense is written and spoken about multinational companies. For left-wing politicians, they have become the ultimate expression of capitalist irresponsibility and exploitation.

The companies themselves, meanwhile, spend large amounts of money trying to persuade us that they are good citizens of the world, striving hard to create employment and prosperity and, in the process if they are lucky, turning an honest buck.

The reality may lie somewhere in between these two extremes. Multinationals are complicated organisms whose formidable managerial and financial resources are partly dedicated to exploiting the laws of comparative advantage. The world is literally their oyster, and that is their problem.

Investment decisions involve choices not between regions, but between countries and continents. They can, therefore, be politically controversial. Controversy becomes guaranteed during the economic period we are now living through, since like all businesses, multinationals must adapt to survive. But closing plants in one country to concentrate production in another can often seem to those who lose by the action an unacceptable rejection of people and of nation.

Multinationals are also complicated legal entities which sometimes manage to evade the full regulatory vigour which applies to other businesses in the land. This, too, has created resentment and growing demands from the left for greater international regulation of their activities.

John Robinson argues in this intelligent and provoking study that the multinational community has been too slow to appreciate the sensitivity to their actions which economic recession has induced in the developed countries.

In exercising their freedom of choice to allocate or take away investment, to create or diminish employment, multinationals have seemed to give too little priority to trying to win the consent and the understanding of the societies in which they are operating. Hence a dissatisfaction in many parts of Europe with the various codes of conduct for multinationals which have been cranked out of the Organisation for Economic Co-operation and Development and the UN.

The most recent expression of disillusion and the one which multinationals most object to is the European Commission's proposed Vredeling directive which would impose information and consultation requirements on them. Robinson, a former journalist and now an information officer at the Commission, sees Vredeling as a response to "the gradual erosion of traditional forms of business discipline" among multinationals.

His advice to the companies is partly that of a journalist. They should upgrade their public affairs function so as to be more responsive to the political and social environments in which they are operating. He also believes in the value of international advisory councils or boards composed of small groups of international businessmen able to provide "a reservoir of impartial knowledge on broad political and social developments."

But above all, says Robinson, multinationals must stop presenting themselves as political virgins. They are active politically and the preference of many for covert lobbying serves only to heighten suspicions. In dealing with their employees and with governments, multinationals should come out of their closets and explain themselves.

JOHN WYLES

INTERNATIONAL BANKS

Herd instinct

The Management of International Banks
by Steven I. Davis. Macmillan. 213 pages, £25

ONE OF the causes of the LDC (Less Developed Countries) debt crisis was undoubtedly the international bankers' herd instincts: there was a strong tendency during the 1970s for the big banks to lend where their peers lent, often without doing their homework properly or exercising judgment. Where the big banks went, the small ones followed. The fact that Brazil has over 800 bank creditors speaks for itself.

It would be comforting to think that the traumas of the last couple of years had prompted bankers to show a little more independence, but this book is not encouraging.

The author, an international banking consultant, argues that bankers do not really change, and "one can anticipate that herd instinct which has characterised so much international banking behaviour is unlikely to change significantly."

He believes, however, that the future will belong to banks that do succeed in striking out on their own. Among the ingredients for a winning strategy, he lists:

- low costs.
- ability to attract quality staff.
- developing a competitive advantage in a particular area
- global reach.

The losing ingredients, on the other hand, are an inability to control costs, taking greater risk to raise profitability, inflexibility and—again—too great a readiness to follow the herd and failure to take an independent view.

This is the second edition of a book that first appeared in 1978. Apart from a final section that reviews the last couple of years and looks ahead, most of it is about the way banks organise their international business.

There are sections on international strategy, choice of markets and products, and lending policy, much of it in great detail. The author draws on his own surveys of bankers and those by other organisations like the Group of Thirty and Greenwich Associates.

It could hardly be more thorough. Yet it is clearly a book dating from the late 1970s and only superficially updated. So much has changed since 1978; the subject really deserves a completely fresh start. There are, for example, only two references to rescheduling of sovereign debt, surely one of the key issues of international banking now and the years ahead.

The style is also rather heavy going. The book may be written for bankers and academics, but even they would wish to be spared sentences like: "The next step is to select the optimal strategy in terms of appropriateness to the stated objectives and the realities analysed above."

DAVID LASCELLES

SMALL BUSINESSES

Wider role for small firms

Small Beginnings, New Roles for British Businesses
by Alan Bollard. Intermediate Technology Publications, £12.50. 335 pages

THE ARGUMENTS for and against small scale enterprise have been well rehearsed over the years—though too often perhaps they have been supported by insufficient hard evidence.

In the two decades after the World War II the trend was in favour of large groupings—witness the concentration of iron and steelmaking brought about by nationalisation or the big brewery mergers of the 1950s and 1960s—but more recently faith has been restored in the so-called "economies of small scale."

Small businesses are now widely credited with flexibility, innovative flair and an ability to move more quickly to exploit new opportunities than their larger counterparts.

Alan Bollard's book traces the reasons for this change—the suitability of many new technologies to small unit production, for example. And spiralling energy prices have led to increased distribution costs for larger businesses.

Although one of this book's major themes is the wider role small firms can play in job creation and economic activity in the future, the breadth of the author's own research shows how dangerous generalisations can be.

Commenting on the seven case studies of specific industries which form the core of the book, he says, "In practice . . . no small firm is typical. While in some sectors there are positive advantages in being small, in others small firms can survive by operating around the borders of big firm territory, looking for and filling gaps."

The appeal to the reader will lie mainly in these individual studies, six of which incidentally have already been published by the Intermediate Technology Development Group. Besides providing a theoretical framework for understanding recent structural developments, they offer valuable practical lessons and a lot of hard information about specific types of activity where small firms have a role.

Important themes are the tendency in the post-war period towards unhealthy concentration of production in certain industries, the impact of modern technology on the scale of production, and consideration of the "minimum efficient size" of firm (Bollard argues that this is smaller than sometimes imagined).

Discussing highly concentrated brewery sector, for example, the author describes how a wave of smaller breweries has emerged in the last decade to meet the demand for specialist products of higher quality in spite of big companies' more efficient use of materials and their considerable advantage in the tied house system.

Printing, meanwhile, has always been typified by the small firm—a reason perhaps why suppliers have treated them well and why, according to Bollard, "small printers have access to a wide range of equipment, including some that has been designed for their range of needs rather than being scaled down from larger machinery." The question of "appropriate" technology crops up again and again as being the necessary concomitant for efficient small scale enterprise. Photocomposition, he argues, has actually confirmed the role of small firms in one part of the printing industry.

Moving to brickmaking, Bollard says big plants have suffered from huge managerial problems. Taking into account the fluctuating volume of the market in recent years, and the recent technical developments in efficient small scale kilns, the minimum efficient plant size is lower than some imagine.

The last chapter—"Prospects for a New Industrial Path"—is essentially a plea for a better balance between large and small firms, more local ownership and further decentralisation.

There are, of course, powerful forces already moving in this direction but one of the paradoxes of the 1980's is that at the same time there are also pressures towards greater concentration, notably in financial services and some areas of electronics, brought about by increased foreign competition. In spite of all the enthusiasm for "Small is beautiful" this should not be forgotten.

TIM DICKSON

books

FOR THE BUSINESSMAN

EUROPEAN INVESTMENT BANK

Gloomy silver jubilee thoughts

Investing in Europe's Future
Edited by Arnold Heertje for the European Investment Bank. Basil Blackwell, 218 pages, £15

CONTINUAL GROWTH for 25 years ought to be a reason for self-confident celebration, but there is something a little diffident about the volume which the European Investment Bank has brought out to mark its first quarter-century as the European Community's major long-term financing institution.

The preface by the bank's president, Yves Le Portz, sets the tone. Dedicated to correcting regional and other imbalances within the Community, the EIB has little that is obvious to show for its lengthy labours.

"The disequilibria in the European Community are becoming more and more disturbing," confesses Mr Le Portz, and growth has slowed right down too. He complains that "there is little point to the activity of the Community's financing institutions if that activity is not dovetailed into a general Community policy."

What lesson should be drawn? The EIB has commissioned eight "leading independent figures" to set out their views on various aspects of the future of investment in Europe, and in general their hopes of a bright future seem to be distinctly muted.

They are, by and large, an interventionist bunch. Discussing energy, Ulf Lantzke of the International Energy Agency lists eight areas in which "measures will need to be implemented by governments, assisted by international co-operation." Jean Paelinck of the Netherlands Economic Institute proposes "a systematic and differentiated hierarchy of the regional policies pursued in Europe."

The big question, however, is whether the political basis for such Community-wide co-operation really exists. The present judgment must be that it does not—and Emile van Lennep of the OECD gives a warning that it would be rash to overestimate the potential for increasing policy co-ordination in the years immediately ahead. In some fields, indeed, he sees an "alarming decay," particularly in trade.

Of course, any group of economists is liable to become engulfed in gloom, and it might have been more constructive to have included one or two more specifically financial analyses to shed some light on the benefits or otherwise of particular types of investment.

There is a glaring absence of any consideration of the returns from investment in different parts of the Community, which ought to be the starting point of any serious discussion. This is investment without any consideration of commercial reward—a reflection, presumably, of the EIB's political objectives, which latterly have included job creation, as well as the correction of regional imbalances.

It is also a pity that there is no discussion of the forms in which financing should be offered. Loan finance is not always suitable, especially when interest rates are high and currencies are volatile. This is particularly true for long-term investment.

In fact, interest in equity financing — including venture capital—appears to be increasing in several countries of the Community, and this certainly ought to be valuable in boosting the small business sector which (as Mr van Lennep points out) is a key to the future. But small enterprises are liable to be treated as poor relations by lofty bodies like the EIB.

Certainly, Mr Le Portz concentrates on the big picture. "Either Europe will manage to get investment back to an acceptable level . . . or there looms a very real prospect of progressive decline." Meanwhile those imbalances obstinately remain. The disparity indices of regional product per inhabitant in 1979 have been found to vary between 225 in the Hamburg region and 35 in Calabria.

BARRY RILEY

INVESTMENT AND THE CITY

Bowler-hatted gnomes in the dock

The City of Capital
by Jerry Coakley and Laurence Harris. Basil Blackwell, 247 pages, Hardback £17, Paperback £6.50.

ACCUSATIONS THAT the City has been starving industry of capital have not been lacking over the years. The idea of the City as a place where bowler-hatted gnomes have entered into a plot against the real economy, by standing guard over a finite lump of "treasure" dies hard. In this book two Open University economists estimate the burden of guilt at £562bn.

In fact, as Jerry Coakley and Laurence Harris more than once lament, "there is no *evidence* to suggest that there has been a general shortage" of funds. The italics are theirs, and the suggestion seems to be that mere evidence for the prosecution is a luxury which right-thinking (actually, left-thinking) readers can agree to manage without.

In this instance, it is admitted that industrial companies might have damaged their own interests and complicated the issue by actually preferring short-term bank finance, failing to demand capital of "the right (long-term) type." But the innuendo is characteristic.

But the information content of the book—when evidence is actually produced is not particularly confidence-inspiring. In late 1983 the industrial lifeboat ought not to be described as "now estimated to include some four dozen companies including names like *BPC (sic)*, BSR Duport, ICL, International Harvester, Massey Ferguson, Newman Industries, Norvic and the Weir Group."

The capital-starvation argument is, however, only a secondary strand in the case—which turns out to be for wholesale nationalisation of the City as a precondition of a "democratically" planned and directed modernisation of the UK economy.

In this connection, the City gets condemned as an enclave of international finance, whose freedom from regulation enables it to frustrate the will of the people.

The finger points most accusingly of all at the Euromarkets which, as Harris and Coakley say, might in principle be located on the moon rather than in London. Their location in London is therefore a geographical accident, but one which it is illogical to deplore.

A financial system which was officially confined to financing "the trade and investment patterns that are chosen" by the Government might indeed find it hard to stay the centre of of Eurodollar activity. Yet it is hard to see that anything would be gained from the expulsion of the Eurobankers to compensate for Britain's loss of invisible earnings and, irony of ironies, capital would actually become more scarce.

JEREMY STONE

TECHNOLOGY

EDITED BY ALAN CANE

Film rules despite videotape advances

Video & Film

By JOHN CHITTOCK

A STING in the tail of this analysing the economic prospects for London's television studios—was the statistic that less than 5 per cent of TV commercials are originated on videotape. Film is still the favoured medium for the TV commercial producer, as it is indeed for the television drama producer on location.

The principal reason for this preference is not economic nor technical but aesthetic—even though financial and technical considerations are entangled in aesthetics. In many situations, discerning producers actually prefer the look of film compared to videotape images, the average viewer might be perplexed at any suggestion that one could look any different from the other.

The differences are not only real and considerable, but are enough for the television industry to seriously try to imitate the so-called "film look." This has led to the production of two television cameras which depart from conventional TV specifications in order to duplicate, as closely as possible, the characteristics of film camers. One, the Panacam, hails from U.S. film camera manufacturers Panavision; the other has been developed by Ikegami (a leading Japanese TV camera manufacturer).

The most important concession to film made by these television developments is in the way the image is reproduced tonally. A conventional television system aims to reproduce each brightness step in the scene as precisely as the original—so that if an actor's grey hair is twice as bright as his dark grey suit, it will appear twice as bright on the television screen.

In film reproduction, the so-called characteristic curve which plots changing image densities against the brightness values which caused them, is not so linear. In an ideal world this characteristic curve would slope upwards at 45 degrees—so that equal increments in the brightness of different parts of the subject caused equal increments in the resultant image density (on a negative). In practice, film (like television) cannot accommodate the full range of brightnesses in many scenes; but because its characteristic curve slopes at much less than 45 degrees, it accommodates relatively greater ranges in subject brightness by making the resultant density steps shallower—viz softer and less contrasty.

In the crucial areas of shadows and highlights, where the limitations of reproduction are likely to yield solid black or glaring white where there should be subtle variations of tone, the characteristic curve on a film slopes away gradually—making the tonal steps even more gradual than in the original, and in consequence not plunging so readily into solid black or glaring white.

Television does not normally reproduce images in the same way. Its characteristic curve cuts off suddenly when it can no longer handle regular increments in brightness (or shadow). In consequence, a television picture tends to have "crushed" highlights and shadows—but in between a more realistic representation of the tonal range.

This difference is the essence of the problem for those directors who prefer film. A television commercial produced on videotape is liable to have a stark reality about its images, whereas a filmed commercial may bear a more subtle and even romantic visual feeling—typified by the famous Hovis commercials, of which one (the small boy pushing a bicycle up Shaftesbury's cobbled hill) has been used often to illustrate the point.

There are other even more subtle differences. Television cameras work, more typically, closer to the subject—partly because of the intimacy of television, perhaps also because of the generally smaller studios. In consequence, wide-angle lenses may be used, which in turn—especially at small aperatures under saturation lighting in TV studios — yield considerable depth of field. On the other hand, film directors have become used to the longer focal lengths or wider apertures which allow differential focusing to throw the background (or foreground) out of focus—another manipulation of reality.

Other differences include the sound, which on videotape can have higher fidelity, sometimes punching out with a crispness that overwhelms the imagination. And television images are usually processed electronically to yield harder edges, to enhance apparent sharpness—but yielding in consequence what some regard as a plastic effect.

The irony is that electronic images are much more controllable, even malleable, than film; so that most if not all of these characteristics can be changed to look like film if required. The Ikegami TV camera has gone even further by using a camera body shape that looks and handles like a film camera.

Making the change is not, paradoxically, so much of a technical probie mas a cultural one. The television studio has been dominated by technicians preoccupied with technical problems — or, as one director is reputed to have said "for God's sake, I've got 40 technicians between me and my actors."

In consequence, film people—to whom film technology is craft rather than science — do not easily come to grips with television. One of Europe's best known experts on broadcast television technology (almost uniquely experienced in film as well) is Dr Boris Townsend, Head of Engineering Information at th eIndependent Broadcasting Authority. He reckons that lighting cameramen in the Independent Broadcasting Authority. He reckons that lighting cameramen in the film industry could get film-look pictures out of electronics if they understood television technology as well as they do film.

The methods, and in consequence the attitudes, of the film fraternity move, paradoxically, in a reciprocal direction from television technicians. The latter rely on electronic metering to adjust everything to yield as near a perfect picture as possible; film cameramen exercise more personal judgement in the technical process — and even purposely degrade their images to produce more interesting results (using ambiguously-named "image enhancement filters").

Film-makers must, in time, move more towards origination on videotape, if only because their products will be increasingly viewed on television. However the image reproduction is manipulated, electronically-generated pictures are ultimately best for a viewing process (viz, television) based wholly on electronics; there are fewer interface problems.

Such conclusions cut deeply into the emotional ethos of film. But as changes of attitude catch up with the improvements in television technology, videotape will become the standard production medium — and film the exception.

VOLUME PRODUCTION PLANS FOR GALLIUM ARSENIDE

Plessey aims for world share

BY GEOFFREY CHARLISH

THE PLESSEY Company's recent announcement of a £50m plan to take gallium arsenide (GaAs) semiconductor chip technology from the R&D phase into full production at Towcester (Northants) is a clear indication that the company intends to take a significant share of a world market likely to approach £1.8bn by 1990 (1983 prices).

The company is committed to a first tranche expenditure of £20m over the next two to three years and has been in discussion for some five months with the Department of Industry over the extent of Government aid for the project.

Without the new facilities claims Plessey, UK systems companies will be forced to import components from Japan or the U.S.

But Dr John Bass, director of research for Plessey emphasises that the company's commitment to silicon continues since there will always be components at the low frequency low speed end of the market that will be more economically produced from the material. "Silicon and gallium arsenide will both be with us forever," said Bass.

In gallitum arsenide, elec tricians can move about more easily and reach higher velocities, allowing an electronic switch that can operate more quickly, giving faster computers. In addition, microwave devices can be designed that generate and amplify at the gigahertz frequencies used in radar and in satellite television transmission.

The microwave application will prove particularly important in direct broadcast satellite TV domestic receivers, where extremely small signals have to be intercepted from 22,000 miles out in space without being drowned in electrical noise.

The GaAs microwave integrated circuits will allow low cost, compact, but sensitive devices that will work satisfactorily with "dish" aerials well under one metre in diameter.

Plessey first fabricated a high frequency GaAs device in 1966, when the only other company in the field was IBM. Now, there are 48 companies in the U.S., eight in Europe and 10 in Japan waiting to exploit the various markets.

An exciting new area, mostly still under military wraps at the moment, is the solid state phased array radar.

In a conventional radar, a rotating or oscillating aerial is used to scan a thin microwave beam across areas of interest. Some of the energy is reflected from, say, an aircraft in the sky when the aerial is pointing in the appropriate direction; the time it takes to come back gives the range, the aerial position and the bearing.

A phased array radar aerial can be built flush on to the deck or superstructure of a ship or aircraft. Several thousand tiny waveguide aerials are packed together in a honeycomb fashion complete with gallium arsenide transmit and receive circuits. They are selectively energised at minutely different time intervals to build a beam of microwaves pointing in any desired direction. Furthermore, the beam can be switched almost instantaneously from one direction to another, allowing it to handle many "targets" at the same time.

A market that will continue unabated in gallium arsenide is in optical fibre communications systems where receivers can be built with much higher sensitivities than in silicon.

In the long run, however, many digital devices for computing, at present built in silicon, will be made instead from GaAs to take advantage of the higher switching speed. The applications are few at the moment, but by 1990 Plessey thinks they will account for about 40 per cent of the world market.

REMOTE POWER CONTROL SAVES ENERGY

Go-ahead for Radio Teleswitching

THE BBC and the Electricity Council have now signed an agreement to go ahead with Radio Teleswitching. This is a system which uses radio remotely control individual, consumer's electricity consumption to smooth demand during peak periods.

During the last four years three different systems have been under investigation. The electricity supply industry has spent £250,000 in this time to develop the system, while the BBC has provided the expertise. Radio Teleswitch uses the BBC Radio 4 low frequency transmitters at Droitwich, Burghead and Westerglen. This gives nearly nationwide coverage.

It is believed to be the first application in the world whereby remote control is being operated on a national basis by a public broadcasting system which also produces music, news and drama.

The system transmits a coded signal along with the normal Radio 4 programmes which are inaudible to radio listeners and does not interfere with normal radio reception.

The signals are received and decoded by special receivers installed in consumers' premises where they can switch on and off tariff-controlled appliances such as storage and water heaters as necessary. The receivers replace the conventional time clock used to control a two-rate meter.

This will be done to avoid the electricity generating boards from having to produce extra power during the peak periods, thereby saving considerable money.

The signals are produced from a message assembler at the BBC Broadcasting House in central London. The Central Electricity Generating Board provides the information to be input into one channel of the message assembler. The method developed by the BBC adds information to radio broadcasts in a similar way that teletext is coded with television.

GEC Measurements and Sangamo Electricity Metering were contracted earlier this year to produce 3,000 Radio Teleswitch receivers for installation around the country by the end of 1983.

More and extensive trials are now underway to assess customer reaction and improve the data reception system in the transmitters. It will concentrate on the use of radio teleswitches in tariff metering and the control of selected electrical appliances and heating.

There are other possibilities for the system other than the instruction which can be sent by the electricity supply industry as the data signals included a highly accurate radio clock signal. This could be used for applications which require accurate time keeping and the BBC is studying the possibility of introducing a public gale warning system.

ELAINE WILLIAMS

Computers

High speed microchips

COMPUTER scientists at West Germany's Bochum University claimed to have invented a microcomputer chip capable of processing 2bn bytes a second. Fabricated in bipolar technology, new circuitry combinations are said to make the chip four to five times faster than those developed so far.

Hitachi of Japan plans to market a new addressing system that can greatly increase the capabilities of its large computers. Based on both hardware units and new software, the system will have 31-bit addressing capability rather than the 24-bit system used in the company's existing large machines.

Processing

Plastic conveyor

A PLASTIC conveyor belt is claimed to be half the price of the steel belted equivalent, being used to cool products in the food processing industry.

Umec-Boydell, which said that its Honeyflex plastic belt was a first, has built a prototype which is designed for use by bakers and confectioners.

The prototype is shaped as a multi-tier spiral conveyor which is 220 feet in length and takes up the space of an eight-foot cube. More from Umec-Boydell, Alma Street,

Memories

Inmos and Intel agree standards

TWO MAJOR semiconductor companies have agreed to create common user features in a new kind of computer memory that will be the basis of the portable computer of the future.

Intel Corporation, part owned by IBM and a leader among U.S. semiconductor manufacturers, and Inmos, the British state-backed semiconductor company, have agreed a common specification for future generations of high-speed computer storage chips — random access memories (RAMs).

Intel and Inmos are developing their RAM designs independently along with the fast CMOS technology (high-speed, low-power consumption) to fabricate them. Potential users of the products of either company will have the reassurance of two sources of functionally identical products as a result of the agreement.

According to Inmos, high-speed CMOS makes possible features that would be difficult or impossible to implement using the NMOS or HMOS technologies more conventionally used for fabricationg dynamic RAMs (dynamic RAMs need to be "reminded" frequently of what they are supposed to remember; static stores have long memories).

These include static column decode and "ripplemode," both advanced memory features which will stimulate new applications for the memory chips replacing static RAMs in applications such as graphics, portable instruments and portable computers.

Welding

Cheaper preparation for joints

AN SMT PULLMAX weld beveller, installed in the Thorne, Doncaster, works of Dun-Fab, a general welder and steel fabricator, should recoup its capital costs within 18 months in gas savings alone.

It has also reduced weld preparation times. On typical jobs, the beveller is around three times faster than burning and there is no need to preheat the material or hand-finish the joint edge. Burning is frequently unsatisfactory for stainless steel and so milling is used but this can be time consuming.

Frank Connor, director at Dun-Fab, said: "We had a particularly urgent job where weld joint preparation was proving to be a bottleneck. In three days we had milled 36 pieces. SMT-Pullmax machined another 40 pieces in about 3.5 hours."

More from SMT-Pullmax on 0532 778113.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Trevor Humphries

Alan Coates (left) and Clive Richards: speaking the same language

'We have to get big to survive'

Tim Dickson on the rationale of a merger

IN MORE than 10 years of trading, claims chairman and managing director Alan Coates, Alveronic Computer Systems has never had an overdraft and has only written off about £1,200 in bad debts. Given that sales at this North of England mini-computer supplier have grown steadily to a peak £2.8m in the 12 months to September this year—while profits have followed an even more vertical path to £338,000—the company has an enviable record.

Over the last nine months, however, Coates has been faced with a dilemma that will be familiar to many businessmen: should he keep Alveronic independent and have the continuing satisfaction of running his own show, or should he acquire extra financial muscle for the company, greater credibility and the opportunity for more rapid growth by selling out to a larger concern?

Observers of the Unlisted Securities Market (USM) will know that Coates's answer was given last week when it was announced that Alveronic is to merge with Micro Business Systems (subject to an extraordinary meeting of MBS), a highly rated and fast moving company quoted since early last year on the USM and led by chairman, Clive Richards, and managing director, Mike Brooke.

Under the terms of the deal, which values Alveronic at £3.6m, Alveronic shareholders will be paid £2.4m in cash (to be raised through a placing of MBS shares with clients of stockbrokers Simon and Coates) and will receive the balance in MBS paper at a price of just over 240p a share.

Thus the reward for Alan Coates's 10 years of hard work and prudent financial management — he owns a 51 per cent stake in Alveronic — will be millionaire status (the real thing, not just a paper fortune) plus a continuing, if much more modest, interest in the combined group. (Interim turnover of MBS in the first half of this year at £6.7m was equal to its total sales in 1982.)

The big question with any merger — the word emphatically used by both parties in this case — is how well two separate management teams will unite. For, unlike some entrepreneurs who like to sell out and start again after nursing their venture through the first and most dynamic stage of its growth, Coates is firmly committed to Alveronic's long term survival and sees the merger with MBS achieving (at less cost and greater speed) many of the aims he had in any case set himself for the next 12 months. His relationship with Richards will thus be all important.

Superficially, at least, the two men could hardly be more different. Coates is a determined self-made Yorkshireman who moves around most happily in his native Hull; Richards is a genial merchant banker (ex finance director of N. M. Rothschild) with a wide range of contacts in the City and in the cricket and rugby establishments.

The two men were first introduced in a South Yorkshire pub earlier this year, clearly developed a liking for each other and discovered that when it comes to business they certainly speak the same language. Over the subsequent few months the operational logic of a merger became increasingly attractive.

Alveronic, admits Coates, was at a "crossroads." As a Digital Equipment Company (DEC) authorised computer distributor which has built up a sound technical support and engineering division operating from South Humberside, Alveronic needs to set up more outlets beyond its strong North of England base in order to provide a truly national distribution and service network. With many of the company's most important customers spread across the country this investment was becoming increasingly urgent and the need to find extra funds more and more acute.

The choice was spelt out in uncompromising terms earlier this year in an internal memo from Coates to managers and senior staff: "We either develop, expand and enhance the company to provide a range of services and products over a wider geographical area to satisfy customer demand, or we retract, reduce the services we provide and move backwards with a philosophy simply to make a fast buck. In other words we commit suicide."

Floating Alveronic itself on the USM to raise cash for expansion was a possible option but, as Coates points out, the merger with MBS not only brings with it the extra prestige of a public quotation (without the £80,000-£100,000 cost of a separate issue) but at a single stroke opens up new outlets (notably London, Birmingham and Glasgow) through which Alveronic products and services can now be sold.

By the same token MBS is keen "to improve the geographical density of its distribution and servicing network," particularly in the North East of England where, appropriately enough, the company has hitherto been weakest.

The micros of MBS and the minis of Alveronic meanwhile, add up to a neatly complementary product range for the type of large and medium sized business customer both companies are already servicing. As well as providing the opportunity to cross-sell hardware and technical support, the larger group will give Alveronic greater resources to react to other market opportunities, such as upgrading the latest generation of DEC Mini computers and getting into the expensive but vitally important business of technical products.

"The main manufacturers are increasingly looking to large companies to distribute their terminals, printers, supplies, components and micros," explains Coates. "At the same time the big customer is looking for an increasingly sophisticated, high quality type of service. We have got to get big, fast, to survive."

While MBS will sell and service micros to Alveronic customers, Richards also recognises that there is a large market for products with both higher sales values and greater technical capabilities than those which it currently supplies and services (often on a rental basis). The merger with Alveronic, he says "gives the re-sale marketing expertise and technical back-up for such equipment, which is essential for the exploitation of such markets by the MBS team."

Fittingly, the offer document also pays tribute to the "maturity and experience" of Alveronic's management—qualities which will be needed in abundance in the months and years ahead.

As a former paratrooper and free fall parachutist, Coates understands the risks of any enterprise better than most. "Running a company," he says graphically, "is a bit like running down a never-ending assault course. The difference between success and failure is simply having the ability to see the land mines, the trip wires and tank traps before you blow yourself to pieces."

In brief...

VENTURE Capital Report—a monthly publication aimed at matching investors with people seeking risk capital—has just celebrated its fifth birthday with the publication of a Guide to Venture Capital in the UK, by VCR's founder Lucius Cary (available from 2 The Mall, Clifton, Bristol, BS8 4DR, £9.85, plus 25p p & p). The book includes advice on how to write a business plan and a couple of chapters on VCR itself, but the most useful section is the directory of UK sources of venture capital. Detailed information is provided on each fund, including valuable titbits such as the average number of investments each has made per year, industry and geographical preferences, and maximum and minimum sums advanced.

The report now has 877 subscribers — half as many again as last year — of which 43 per cent are private companies, 29 per cent are individuals, 13 per cent are quoted companies and 15 per cent are others (eg Business Expansion Scheme Funds and specialist venture capital companies).

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EXECUTIVE Secondment (Exsec), a joint initiative set up by the Welsh Development Agency (WDA)and the Confederation of British Industry to "lend" management talent to small- and medium-sized companies in Wales, is hoping to expand its activities. Encouraged by the way his team of six managers has helped about a dozen businesses in the past eight months, new co-ordinator Evan Davies is aiming to persuade more big companies to second some spare talent and to find more "client" companies which could use their skills. More details from the WDA, Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT.

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ENTERPRISE is being shown in all walks of life these days. The organisers of a recent small business course at a college somewhere in England were taken aback recently when a couple of heavily built policemen burst in and arrested one of the participants.

Commenting on the incident afterwards, one of the tutors said wryly, "I wouldn't mind so much if he wasn't the one who had just collected contributions for the end of course party."

Business Advisory Service

Midland enters the fray

MIDLAND BANK yesterday launched a Business Advisory Service (BAS)— a nationwide corps of 11 specially trained managers whose job will be to offer free, in depth, advice to expansion minded small and medium sized business customers.

The initiative comes exactly 10 years after Barclays pioneered the BAS approach and makes National Westminster the only major high street clearing bank without a similar service. Lloyds followed the Barclays lead in 1976.

The key to the new Midland service, which will be similar to its rivals and, like them, will be free, is a four to five day visit from one of the bank's regional business advisers. The customer's objectives, products and market and financial management structure will all be discussed. The findings will be analysed and a confidential report, with recommendations for future action, will then be compiled.

Such an exercise can be carried out by most leading accountants, of course—but at a price.

Both Barclays and Lloyds admit that over the past couple of years they have used the BAS as a "firefighting" service for customers in trouble — though they stress that this is not its main purpose. Midland, which sees its scheme as an important part of its efforts to come to terms with the requirements of and difficulties faced by its smaller customers, is adamant that its BAS is aimed at companies with bright prospects, not "lame ducks." It will also be restricted to companies with turnovers exceeding £200,000 per annum.

"There are broadly two types of customer we are interested in," explains the Midland's Norman Robson. "One is the medium-sized business considering expansion which has done its sums and wants a second opinion. The other is a business which has already committed itself to growth but which has subsequently run into liquidity problems. There is a big difference, though, between the type of customer with a liquidity crisis resulting from rising turnover and one with similar pressures caused by falling sales."

Robson insists that the Midlands' 11 regional business advisers—who are to be based at regional head offices—have been carefully selected. They are all middle managers with wide experience (aged between 33 and 40) and have undergone special training.

Midland estimates the annual revenue cost of the scheme at just under £½m and while the regional business advisers are discouraged from vigorously selling other services the Bank obviously hopes its investment will pay dividends in years to come as these customers grow from a more stable base.

That seems to be the experience at Barclays and Lloyds, both of which say they remain firmly committed to their own services. Says Peter Jackson, of Barclays, which now has 45 BAS managers and recently completed its 20,000th report since the 1973 launch: "We certainly believe it has been succesful. We have seen big improvements in customers' budgeting and money management techniques."

Colin Jones of Lloyds—20 BAS managers, reports on 5,500 businesses since 1976—agrees. He also emphasises the beneficial effects on managers in the Bank generally and believes the BAS team's "wide exposure to the small business environment is slowly filtering down through training to branch level."

Lloyds and Barclays both admit that smaller accountants — worried that they may lose business — have at times been hostile to the BAS concept. Sensitive to this problem Midland's Robson points out: "There is no way that this service will include a formal audit. We will concentrate on management accounts and will be steering well clear of the accountant's primary function."

Showing that the Big Four clearing banks do not always follow each other's leads, National Westminster says it has deliberately eschewed the BAS route. Says Noel Dearing, head of the bank's Small Business Unit: "We think the best way to help is to link up more closely with the accountancy profession. We have been lobbying quite hard for accountants to reduce their costs for this sort of service and there are signs that it is happening."

Dearing, who suspects that NatWest's rivals are using BAS more frequently than they care to admit for firefighting and who argues that their expertise is too thinly spread, points out that his bank has more staff seconded to enterprise agencies than the others.

T. D.

Loan guarantees on the rates

ABOUT 18 local authorities are apparently discussing municipal versions of the Government's Loan Guarantee Scheme with the Co-operative Bank, which is hoping to translate this interest into positive action.

Last week the London Borough of Haringey—sixth in the capital's unemployment league—took the plunge with an offer to guarantee up to 100 per cent of Co-op loans not exceeding £50,000—though typically the guarantee will cover 50 to 80 per cent of the amount borrowed. Sheffield City Council is the only other authority to run a similar scheme though not a single venture has been backed in the eight months since the scheme was launched.

Only businesses "unable to obtain an equivalent level of finance elsewhere" will qualify in Haringey and, as in Sheffield, the scheme covers trading and expansion requirements as well as start-ups.

Surprisingly, perhaps, the Co-op Bank has pitched its charge on the guaranteed portion at 2½ per cent over base (compared with the 1½ per cent it charges on the Government and Sheffield schemes). This apparently raised a few eyebrows at Haringey Town Hall until the Co-op explained that the large number of relatively small applications it expects to receive will be costly to administer.

Back at Sheffield, where the council is still looking for its first guinea pig, a spokesman comments, "The city council gets a lot of enquiries for assistance and has simply decided to help firms in other ways. Having spent time setting up the scheme we obviously want to get it moving as soon as possible."

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Tuesday December 6 1983

Venezuelans back change

SR JAIME LUSINCHI was the favourite from the start in Venezuela's presidential election campaign. However, not even his most fervent supporters in the opposition Accion Democratica party imagined he would emerge from Sunday's poll with such a clear-cut majority. Although the final count is not yet known, Sr Lusinchi seems certain to have obtained almost 50 per cent of the vote from the field of 13 candidates and will possess a working majority in congress.

Behind him, he has the backing of the labour movement which should give his five-year term in office added strength to tackle the country's severe economic recession. Even though Sr Lusinchi has been vague on economic policy, his unambiguous mandate from the electorate should reduce some of the international banking community's concern over how Venezuela comes to terms with its $33bn foreign debt.

Convincing majorities

There is no direct parallel between the recent Alfonsin victory in Argentina and Sr Lusinchi's success. Venezuela has enjoyed democracy uninterrupted for 25 years in notable contrast to its Latin-American neighbours. Nevertheless, it is encouraging that within six weeks two Latin American countries should be seen reinforcing the democratic process, and voting in presidents with convincing majorities on moderate platforms.

Sr Lusinchi came across during the campaign as an effective plodder. At times it seemed that he was offering a programme remarkably similar to that of his main rival, Sr Rafael Caldera, of the ruling Christian Democrat Party (Copei). Indeed the two parties have traditionally covered much of the same centre spectrum in Venezuelan politics. He has earned office on a vote for change from an electorate disillusioned by Copei's economic incompetence and gerrymandering.

To his credit Sr Lusinchi has the reputation of being a good well be in foreign affairs. Sr Lusinchi is anxious that team man ready to listen to advice. With the AD in power, the main policy difference from the outgoing administration may Venezuela play a more positive regional role.

troubled Central America.

At home Sr Lusinchi inherits the half-hearted efforts of the outgoing administration to deal with its earlier profligacy. Inflation and unemployment are rising, the public sector deficit has grown beyond manageable proportions, and reduced oil revenue has forced Venezuela to delay or freeze repayment of $18.4bn of public sector foreign debt arrears falling due this year.

That some form of belt-tightening will be introduced is not in question. The main issue is whether Sr Lusinchi calls in the IMF to prescribe a programme of readjustment. This is what the international banking community would like since their past experience with Venezuela has been frustrating.

The IMF has already suggested the kind of measures that Venezuela needs to adopt. These include a unification of the multi-tiered exchange rate which is at present both confusing, difficult to operate and subject to considerable abuse. The IMF would also like to see the elimination of import restrictions, cuts in current budget expenditure, a form of wage restraint, accompanied by new taxes and higher domestic gasoline prices. None of this is going to be popular in a country long used to conspicuous consumption. Indeed such a policy is so unpopular that Sr Lusinchi and his colleagues argue that it cannot be seen to be imposed from outside. He would prefer to introduce it as though it were exclusively conceived by the AD. This need not be a bad compromise and could be acceptable to the banks—provided he gives them enough faith in his ability to deliver the goods.

Here his key card is the backing of the unions. He seems confident that he can introduce a form of social contract that would include wage restraint, some cuts in current public expenditure and new investment in depressed areas like construction.

Much will depend on the decisions he takes immediately on assuming office of which unification of the exchange rate at lower and more realistic level is the most important. Such decisiveness will remove the sense of drift that has gripped the country for much of this year as everything has held fire on the election result.

The UK debate on welfare

WHEN POLITICIANS claim to be deeply concerned about the effect of demographic changes on public expenditure in Britain in the year 2010, the general public can be excused for thinking that something curious is afoot.

What makes this concern doubly curious is that the share of British national income going to public spending is not conspicuously high by European standards; nor is there much evidence that the challenge posed by demography in the form of an ageing population will be any more acute in Britain than elsewhere in the European Community. Indeed it could be argued that the value of social security has been proved in the present economic cycle as never before.

Growing cost

Why then, is Mr Nigel Lawson, the Chancellor, so anxious to promote a public debate on public spending? And does the Cabinet's recent interest in a Beveridge-style inquiry into the growing cost of welfare make sense against that background?

Any Chancellor who is committed to delivering tax cuts in a period when North Sea oil revenues are expected to peak and when the pressure for increases in spending will certainly not wane needs all the help he can get. It may be that a public debate will create a wider constituency for cuts in some of the less popular spending areas such as defence.

Whether such a debate, or a government inquiry, brings more substantial benefits is another matter. If, like the passenger in the Irish cab, it starts from the wrong place, the exercise can only be nugatory. And certainly the debate so far has been couched in unhelpful terms.

In developed economies there is a high income elasticity of demand for public services, which is the economist's way of saying that an increasing proportion of the things that increasingly well-to-do people want tend to be provided effectively by the state. Health and education are cases in point. Since there is little scope for improved productivity in many of these areas, costs tend to rise relative to other goods and services provided by the private sector. There is thus a natural tendency for public spending to rise as a percentage of GDP.

Here crude arguments about overall percentages are not very helpful. Nor is the narrow focus of those who assess the worth of investment by whether it takes place in the public or private sector. What is needed is a more sophisticated discussion of priorities; and the starting point should be the distribution of property rights in areas such as health and housing, education and pensions, which have grown so explosively in Europe since the war.

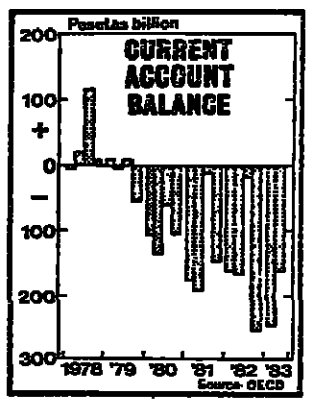
At one level there are fundamental questions that need to be asked about the kind of stake we wish to give people in the social order. At another, there is a need for a dispassionate examination of the spending priorities that interest groups have foisted on us. How far does this network of politically guaranteed property rights hinder structural adjustment? And is too much welfare going to the rich?

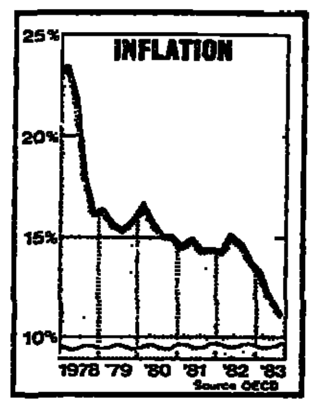
Too little of the argument about public spending at present concentrates on the opportunity cost of any given handout or tax expenditure. At the same time discussion of public spending cuts tends to be one-dimensional. The ageing of the British population does indeed have implications for the cost of Britain's far from generous state pension system; but the increase in cost will to some extent be mitigated by reduced pressure on the educational system.

Regardless of the rate of economic growth over the next couple of decades the competing claims of different interest groups will continue to impose difficult choices; so, too, will technology, particularly in health care where the possibilities for expensive surgery are infinite while resources remain inevitably limited.

The case for open debate is that entrenched interests in welfare crowd out sensible discussion — witness the hysterical response to the Think Tank's leaked review on public spending. It is a pity that the Government has to consider looking outside for an inquiry. The U.S. uses the Congressional Budget Office on such issues to good and non-controversial effect. With appropriate constitutional adjustments, some British equivalent might be valuable.

David White in Madrid reports on the Spanish economy one year into the Socialist government of Sr Felipe Gonzalez (right)





Spain: the struggle to catch up

MANANA HAS arrived. The job that Spain has put off longer than any other important industrial nation in Europe is now officially under way, a year almost to the day after Sr Felipe Gonzalez's Socialist Government was sworn in.

The task of adapting Spanish steel and other key industries to modern conditions is one that Spain's leaders, pre-occupied with the delicate proces of transition towards democratic stability, have preferred not to tackle.

When the Socialists came in, they were not ready to take strategic decisions. Although long overdue, the Government's euphemistically-titled Reindustrialisation Laws passed in Cabinet last week, bear all the hallmarks of a rushed attempt to get a strategy in place.

One year into socialism, democratic Spain is having to take its first dose of grown-up economic medicin s

For many Spaniards the measures, which coincide with steep increases in fuel prices and a lean outlook for personal earnings for 1984, are something of a backhanded birthday present.

Sr Gonzalez himself is one cruised through its first year, taking everything in its stride: the controversy over the seizure of the Rumasa business empire, friction with the church over abortion and education and reform of the armed forces.

Sr Gonzalez himself is one of the few European heads of Government to rank as his country's most popular politician. Only singer Julio Inglesias rivals him in the opinion polls.

The Government has kept the economy on its already charted course of modest growth and slightly reduced inflation. The Socialist Party claims 63 per cent of the election programme has already been fulfilled. But the one outstanding ambition of the programme — 800,000 new jobs — is now little more than a distant hope.

The Socialists have now come to a crunch. From any point of view the next 12 months will be extremely hard going.

Next year, Spaniards will start to feel the impact of austerity, with a cut in their purchasing power, after a year in which earnings have covered inflation. The reduced inflation target of 8 to 9 per cent for 1984 (compared to 12 per cent this year)—will be hard to reach — wage and price pressures are still not under control. Householders this weekend got their first taste of 1984 with the new fuel prices. Butane gas, mostly used by lower-income homes, went up 18 per cent.

The rate at which jobs are being lost because of the economic crisis has slowed down, but not through any Government policy. In the first nine months of the year, total employment in Spain shrank by about 50,000. Government jobs have increased, so the drop in private-sector employment is reckoned to be at least three times this figure.

The unemployment rate, already Europe's highest, is pushing up towards 18 per cent of the active population. The drama of this situation is perhaps better measured by the fact that barely a quarter of the 2.34m Spaniards out of work receive any unemployment benefit.

The new "reindustrialisation" programme, into which the Government intends to plough £4bn over the next three years, may result in a loss of 60,000 jobs—2 per cent of Spain's industrial workforce. Unions, unhappy about what is proposed to compensate for these redundancies, say the figure will be much higher.

Protest movements have already gathered strength in isolated centres. Clashes over the planned scaling down of the Sagunto steelworks near Valencia, the most costly of Spain's three heavy steel centres, are already bitter.

Some 10,000 jobs at the main steel groups are due to go, almost a quarter of the total. The groups, two State and one private, together lost £190m last year. At Sagunto the smallest, Altos Hornos del Mediterraneo, lost £10,000 for every man employed.

The workforce today is just 13 per cent lower than it was when the 1974 oil crisis arose, against a cut of about a third in the EEC steel industry as a whole. The only country to have shed a smaller proportion of jobs in heavy steel up to now is Italy.

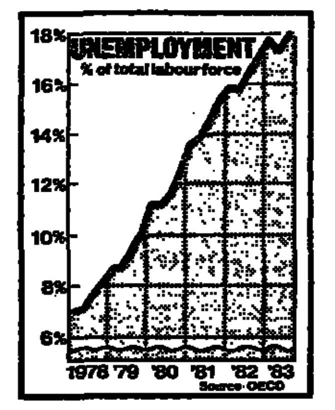
The Government, however, has a difficult regional balancing act to perform. The unions at Sagunto, where half the 4,000 jobs are due to be axed, know the choice was partly made on the grounds of avoiding closures in the Basque country or Asturias, which have fewer resources for alternative industry and where the political issue is more delicate.

The question now is whether the Government, despite the evident determination of Sr Carlos Solchaga, the Industry Minister, will be able to keep the reconversion programme on target. The Sagunto closure has already been deferred.

In the shipyards, the situation is starker still. The sector is reckoned to be 50 per cent overmanned. No closure or major reconversion has been undertaken since the oil crisis, when Spain had built itself up into the world's number three shipbuilding power. The two state-owned companies which run the big yards last made a profit in 1975, and last year lost £100m between them.

The State holding group Instituto Nacional de Industria, told by Sr Solchaga to produce a blueprint for returning them to profit by 1986, has proposed closing two of the companies' five yards, eliminating 10,500 jobs or almost half the workforce. Spain's 35 small shipbuilders, few of which are profitable, bring the total of doomed jobs close to 20,000. The Government, which controls five of them, is adamant about not bailing out others—an option which an INI director described as "buying more corpses."

The impact is all the greater because of the relative importance of these sectors within the Spanish economy, and their dominant role in some regions.



The unemployment rate, already Europe's highest, is pushing up towards 18 per cent of the active population. Yet barely a quarter of the 2.34m Spaniards out of work receive benefit

Of the two main union federations, the Socialist UGT (Union General de Trabajadores) has so far been co-operative with the Government, relatively moderate in its wage claims and a patient if not always compliant negotiating partner. But as discontent spreads, its grass roots appear to be bound to pull the union more towards the combative approach of the Communist Comiosiones Obreras. Sr Solchaga and the Communist union have made a public scene of their friction over reconversion.

The Government's medium-term plans for the next three years contain specific pledges on net employment—an increase of 182,500 in 1984—and the unions will doubtless seek to pin it to its target.

The pressure on wages, combined with the destruction of jobs on a mass scale in the protected State industrial sector, promise a wave of social unrest. This coincides with continuing terrorist action and political confrontation in the Basque country, an industrial heartland where nationalist extremism and unemployment are intimately connected.

It will, therefore, be a testing period politically. The Socialist Government has carefully cultivated its relations with the military since coming to power, but it is hard to evaluate the reaction of army hardliners if they reckon things are getting out of control. At an electoral level, the extreme right has been eliminated. But the revanchist sector of public opinion—"we suffered better under Franco"— may be more visible.

The Government appears set on pushing its measures through, with the "rigour" faction in the Cabinet—Sr Solchaga and Sr Miguel Boyer, the Economy Minister—able to get its own way. The party is less divided than some of its European counterparts, but the question must arise of how far it will follow.

The updating of Spain's industrial machine is needed irrespective of whether the country makes it into the EEC —as the Government desperately hopes—from January 1986. But the EEC is the carrot to make the stick acceptable.

Spain's exports have already become largely geared—almost half—to the European Community. The recent gain has come principally through foreign motor companies with subsidiaries based in Spain. In other sectors, Spain has failed to move with the changing structure of demand and has much ground to catch up if it is to recover a competitive position both against non-European producers—in the case of consumer goods—and against some other European countries.

Here again, next year will be crucial. Sr Gonzalez needs to get Spain into the Community before the next general elections in less than three years' time — but France, with the most reservations about Spanish entry, has a Parliamentary election in 1986, too.

Spaniards as a whole are eager for membership not only for the material benefits they see in the EEC, but also for the recognition it implies, as a way of exorcising that ugly period of their history when it was not France but their own dictatorship that stood in the way.

The present Athens summit marks a critical stage in Spain's efforts to unblock its long negotiations and accelerate the entry process so as to finish them by the end of next year. Without the prospect of EEC membership soon, the spectres of Spanish isolation and nationalism threaten to loom back into view.

EEC entry provides the only chance — and even then not a safe one — of Spain staying in Nato. Opposed to the way the country was led into the Alliance last year, the Socialists are tied to the pledge of a referendum, and military integration is held back in the interim.

Sr Gonzalez, arguing that East-West tension is too hot to risk stirring the coals now, has put it off at least until 1985. He himself gives the impression he is most reluctant about pulling out—which is what a referendum, given a "Yes" or "No" option, would be expected to decide by a large majority.

The recent Atlantic Institute poll among major Western countries showed Spain to be the country that was least concerned about inadequate defence and the most concerned —for good reason—about unemployment. Despite a pro-Nato Press, public opinion is strongly neutralist, and it would be difficult for Sr Gonzalez to get off the referendum hook.

Withdrawal would be deeply unsettling both externally and internally. Spain was the first nation to join Nato since West Germany was admitted in 1954-1955, and it would be the first ever to leave the alliance. The U.S., which would have to revise its bases agreement and arms collaboration with Spain, is anxious about the prospect and about the precedent of putting Nato to the vote.

Although Spain's military hierarchy was not unanimous about joining the alliance, it would be unlikely to take well to a 180-degree change of course at this stage.

Internally, withdrawal would be seen by many as a demonstration of the absence of a political sense of direction. That is the one thing Sr Gonzalez has been seeking and so far succeeded in displaying. Under the governments of Spain's post-1975 constitutional monarchy, the threats to democracy have come at the moments it was lacking—after Sr Adolfo Suarez's resignation as Prime Minister, and just before last year's elections.

Sr Gonzalez has said on various occasions that there is no longer any prospect of military coups. But it will take a larger measure of hindsight to know for certain if the transition from Francoism to normality was indeed completed when the Socialist Party, for the first time in half a century, came triumphantly to power a year ago.

The FT plans to publish a survey of Spain on Friday.

Men & Matters

Sykes switches

Broker Scrimgeour, Kemp-Gee's highly successful electricals and electronics team of analysts is to be reinforced next month by Keith Sykes, who is moving from his well-established niche at W. Greenwell.

Scrimgeour made him an offer he could not refuse, says Sykes. And the move has nothing to do with any other current or prospective upsets in the City.

All the same, it takes something to shift an equity partner, like Sykes, 36, who has been at Greenwell's Bow Bells House offices since leaving Cambridge. His prospective colleagues have ben in the same seats at Scrimgeour for almost the same period and Sykes knows the highly praised team of Michael Styles, Michael Sperring and Sue Blacker very well indeed.

The Sperring, Styles and Blacker trio have developed an expertise in client contact and dealing which Sykes hopes to complement with his own long term analysis of where the electricals companies, particularly those overseas, expect to be going.

The telecommunications business will be occupying their combined talents. The de-merger of AT & T in the U.S., Sykes believes, may have uncanny parallels with the forthcoming sale to the public of British Telecom. The vast expansion of the electricals sectors which will follow the flotation of an £8bn business, must hold out enormous scope for all analysts in the sector.

All leading brokers will hope for a slice of the action when BT goes public but the "beauty contest" which will decide which firms will handle the issue is still going on.

Scrimgeour will obviously hope to be on that list but the firms which will be appointed brokers to the company after the issue may stand to reap the longer term rewards.

It is ironic that Greenwell and Cazenove, were adviser on the "Buzby Bond" and are thus tipped by many to go first into the hat as corporate broker candidates.

New strings

Peterborough Development Corporation brought the city's recently-formed string orchestra to London last night in its efforts to lure new industry to the old Soke. An audience of businessmen was regaled with a programme of Dvorak, Mozart and Bartok, at the Institute of Directors' hq in Pall Mall.

The chamber orchestra, itself —the only one in the East of England—is a good advertisement for Peterborough's enthusiasm in helping newcomers settle and establish there.

In January last year, a young cellist, Joanna Borrett, heard one of Peterborough's appeals for new business on LBC radio. She phoned the corporation's telephone answering machine and suggested that an orchestra might add to the city's attractions.

Borrett, who studied under Yehudi Menuhin and at the Tchaikovsky Conservatoire in Moscow, was promptly invited to talk to local politicians, industrialists and arts organisations about her ambition for an orchestra of young professionals who would become involved in the community.

And with just about everybody from the city council to local companies chipping in financial support, the orchestra is now playing for Peterborough.

Old things

Up in Scotland, meanwhile, Livingston Development Corporation has leased one of its industrial units to a man who is doing a booming business in primeval products.

Scots fossil-hunter Stanley Wood who, for years, has been digging up fossils for universities and museums, has decided to go commercial.

He will continue to sell to his old customers, but hopes to find new markets among private collectors and the curious for his fossil replicas.

Choice of words

"Hideously clumsy . . . something better must be invented." So commented former Tory Minister, David Howell, on the word "privatisation" in a pamphlet he wrote back in 1970.

Commending the continuing search for an alternative by John Moore, Financial Secretary to the Treasury — who served under him at Energy—Howell admits that after 13 years, the best he can find is "bring into public ownership." He says: "For a long time nobody could understand what Conservatives meant by this. Now I think they can."

It still sound a bit ambiguous to me. Like quite a few FT readers, I would prefer to have stuck by "denationalisation."

But if the response to Moore's challenge proves anything, it is that there is no more mellifluous word that could readily be substituted for "privatise."

There are many even uglier: "entrepreneurisation," "retrocorporisation" and "commonwealthification" to mention just three suggested.

I quite liked the sound of "pulcify" (public limited company-fy) from Alex Suddick, of Ottery St Mary, but it would merely mystify.

Many suggested alternatives reflected too much political bias — "liberalise," "free," "vitalise," "sell-out." But despite their political overtones I thought two entries deserved rewards for wit and ingenuity.

Paul de Kort, of Cricklewood, gets a bottle of "decanting" —"floating off the attractive elements and leaving an indigestible residue." And A. W. G. Catto, of London, gets a similar prize for his acronym "sunshine"—"Selective Use of the Nationalised Sector to Help Improve National Efficiency."

A more expensive bottle goes to Basil Elkin, of Pinner, for suggesting the only word that conveyed the sense of a return to the private sector after a period in the service of the state: "demmobbed."

To arms

Dr Manfred Lennings, who resigned abruptly last month from running Gutehoffnungshuette, West Germany's largest engineering group, may have an equally challenging job ahead of him—State Secretary for Armaments at the mammoth Defence Ministry just outside Bonn.

Defence Minister Manfred Woerner has yet to decide. But the clever money is on Lennings, still only 49 and considered one of the most thoughtful and able business administraters in Germany.

Lennings fell out with the supervisory board of GHH when he tried to intervene personally to sort out problems at its big truck and engine subsidiary, MAN, which makes the transports for Pershing-2 missiles.

Twice before, erman defence ministers have brought in leading figures from business to sort out the ministry's bureaucracy, Helmut Schmidt, in his day, called in Ernst Wolf Mommsen from Fried Krupp, but he did not last long. Hans Apel turned to the former head of the Reemstma cigarette concern, Manfred Ehmcke, who, for a symbolic wage of a dollar a year and expenses, made some progress in tackling the problems revealed by the immense cost over-runs on the Tornado aircraft.

Whether Lennings, who certainly left his stamp on the DM 16bn sales — GHH, can do better, the future will show.

Observer

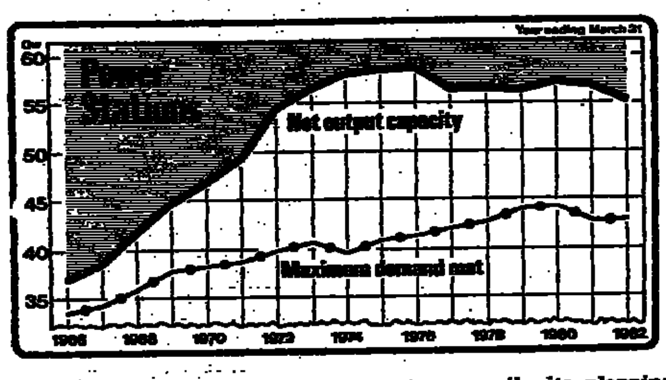
Letters to the Editor

Electricity supply capacity

From Dr R. Papadopoulos

Sir,—Mr Baker (December 2) expresses the view that it pays to build the Sizewell B nuclear power station early "even if coal and oil prices do not rise above current real-term prices for another 12 year or so and if Sizewell B has significantly higher cost and worse performance than the CEGB forecasts."

Yet building nuclear and conventional stations in advance of need, being the *de facto* policy practised by the CEGB since the early 1960s, has been instrumental in landing the country with an acute overcapacity problem. Indeed the gap shown between net output capacity and maximum demand would have been wider had the CEGB forecasts on construction time for the advanced gas cooled reactors been nearer to the mark.



In the course of the last seven years or so the Board has attempted to "write off" the excess capacity via a policy of premature retirement of old coal-fired generating plant and raising the planning margin to such high levels as 30 per cent.

The board maintains that such a margin is necessary to safeguard consumers against disconnections under conditions of exceptionally high demand on the system. Even so, the economic and technical case for operating a distribution system as highly integrated and interconnected as the British on such a planning margin has scarcely been made. On the contrary the board's case before the inquiry is based on an average plant availability factor of 85 per cent which corresponds to a planning margin of about 18 per cent.

This points to the conclusion that had the board exercised care to reconcile its planning margin to its plant availability factor more closely its books should show an excess capacity of 5,000 MW or so. Under such circumstances, given that premature retirement is not outside the law of diminishing returns and the present average growth of maximum demand of 0.5 per cent per annum, it should take considerably longer than the two or three years quoted by Mr Baker before the building of any new generating capacity can be justified on grounds of need.

(Dr) Raphael Papadopoulos.
Polytechnic of the South Bank,
Borough Road, SE1.

UK gas import options

From Professor P. Odell

Sir, — Your Energy Correspondent (November 30) observes that Norwegian gas from the Sleipner field is the "most obvious" new supply source for the UK. He mentions two alternative prospects, but fails to note a third option that appears even more obvious than gas from the Norwegian offshore. This is Dutch gas, export markets for which are now being actively sought as the result of a fundamental policy shift. Exports were hitherto restricted because of what were officially thought to be supply limitations in the context of insatiable markets. The supply/demand outlook which underlay this policy has now changed very radically.

On the supply side, successive small semi-annual upward re-evaluations of gas reserves in recent years have now been overshadowed by the 25 per cent increase in proven reserves announced by the Minister of Economic Affairs in mid-November. This increase of $440 \times 10^9 m^3$ in the reserves (equivalent to some 2500m barrels of oil) gives a new Dutch gas reserves/production ratio of almost 35 years, and with reserves additions running far ahead of production. Demand, meanwhile, has fallen to little more than two-thirds of expected offtake as the result of declining use in the Netherlands itself, as well as reduced sales to existing foreign customers whose contracts to take specified amounts have generally been extended well beyond the periods initially agreed.

Prospects for additional sales to these markets are not at all bright — and have been made worse by the pre-emption of potential markets by alternative supplies of gas (such as Soviet gas in West Germany, Algerian gas in Italy, and Nigerian gas in Belgium) and/or by the availability of competing energy sources (such as electricity from the over-expanded nuclear power production systems in Belgium and France, and cheap international coal to other countries).

Thus, the UK's apparent need for additional gas is attractive for new Dutch gas exports — with a potential $300 \times 10^9 m^3$ as the initial amount available. From Britain's point of view, the attraction of a supply of gas which is inherently much lower cost than Sleipner gas, from a nearer supplier with a gas production tax régime which is less onerous than that of Norway, and available economically at seasonal load factors which more closely match the UK gas industry's needs must also be clear. BGC's contracted price of 22p-23p per therm for new supplies of British-sector North Sea gas is, moreover, close to the current Dutch gas export price over the country's land frontiers, while the short additional undersea pipelines required to connect the proximate Dutch and British offshore natural gas production and transport systems would add little to the costs involved. A connection of the two systems would, indeed, provide an important bonus to both countries — and to Western Europe as a whole—in terms of the greater security and flexibility of gas supply that would thereby be achieved.

If Sleipner gas to the UK market really is more "obvious" than Dutch gas, then it is time for the arguments to be set out so that the 50 per cent price premium apparently "demanded" by Statoil can be properly appraised.

(Prof) Peter R. Odell.
Center for International Energy Studies, Erasmus University, Postbus 1738, 3000 DR Rotterdam.

Accurate usable information

From Mr A. Wilson.

Sir,—A. W. Nelson (November 22) is of course right; competition and advertising are not synonymous, but then neither is advertising and marketing, or selling and marketing. It is unfortunate that the issue of the professions being free to compete has been clouded by the misconception that to compete it is necessary to advertise. The proposition is obviously absurd. The verities of marketing (or as the professions prefer and are entitled to call it "practice development") apply as much to services as to products.

Mr Nelson is however totally wrong when he says that costs will increase since the market is, as he implies, finite. The old wage fund theory, I see, is still extant among accountants.

The total market for professional services is potentially many times larger than it is now. Numerous would-be users, not just private clients at the wrong end of what Carr Saunders called the "knowledge gap," but businesses too, fail to use services because of their misconceptions about them; the relevance to their needs and the perceived high cost. Professionals who are increasingly threatened from outside their own disciplines would surely not argue that it is bad to inform prospective clients of the advantages of consulting the qualified, the experienced, and the controlled professional? I think not.

It may be completely obvious to a practitioner that his services are needed and would be beneficial but it is far from obvious to the prospective user. I can, for example, think of at least half a dozen professions I might consult on a planning appeal or a tax problem. The object of marketing so far as the professions are concerned is to ensure that accurate, comprehensible and usable information is provided for the publics they serve.

I don't know where Mr Nelson gets his information from, that advertising in the U.S. has not benefited the profession, but in April 1980 it was reported that a survey had shown that "for each dollar spent on advertising lawyers received \$7.93 in fees." I am dubious if the quality of American advertising produces this effect but that is not the issue. The issue is both the right of the public to have enough information to make sensible cost-effective decisions and the right of each professional to run his own activities in the way that any sensible businessman would, always within the ample safeguards that exist. The last-ditch stand within some of the professions is only an attempt to avoid the cold winds of the market place, but then when did the wind ever stop blowing because someone wanted it to?

Aubrey Wilson.
Pemberton House,
East Harding Street, EC4.

From the Chairman,
British Legal Association

Sir, One is staggered by the confused reasoning displayed by Mr Malcolm G. Elliot (November 24).

How does the claim by lawyer X, made in an advertisement, that he is expert in a particular field differ, in essence, from the same claim made orally direct to Mr Elliot or by an intermediary who recommends that lawyer? The mischief of advertising is that the advertiser may claim what he will on a subjective basis and the client/customer/consumer only discovers later the worth or otherwise of that claim.

Ralph Waldo Emerson said: "If a man write a better book, preach a better sermon, or make a better mousetrap than his neighbour, though he build his house in the woods, the world will make a beaten path to his door."

Stanley Best.
116 London Road,
Southborough.

Food in developing countries

From the Chairman,
Commonwealth Development Corporation

Sir,—As an admirer of John Cherrington's articles on farming in the UK I feel I must write to draw attention to a number of misconceptions in his article (November 25) upon agriculture in the developing countries.

Plantation farming has not "created an urban proletariat for whom little work could be found"; failure to introduce development into the rural areas has done that. Plantations increase the demand for labour on the land and create further employment opportunities in the processing plant normally established alongside. Also, small service industries tend to be started around the plantation to cater for the needs of the labour.

It is not logical to deplore both the introduction of large-scale farming and the renewed emphasis on smallholders. Far from the "replacement of plantation type farms by smallholders," there are many cases of new plantations being established as nucleus estates with smallholders in the area being encouraged and taught to grow the cash crop and to sell it to the processing plant built by the nucleus estate. This system allows the smallholder to retain his independence, gives him expert help in the growing of his crop and relieves him of the problem of marketing the product. A normal feature of such schemes provides the smallholder with enough land so that less than half his acreage has to be used for the plantation crop, the rest producing food for himself and often a much wider market.

There has, in fact, been no absolute decline in food production in developing countries; only a failure to keep pace with population growth. One reason for that is the policy of some Governments to keep at artificially low levels the price of food for the urban electorate, coupled with the desire to spend their slender resources on the industrialisation of their country where the projects appear to be more glamorous and prestigious than those associated with the more humdrum needs of agriculture.

Kindersley.
33 Hill Street, W1.

No water, no barges

From the Joint Managing Director, Davies Turner

Sir,—It was interesting to read Hazel Duffy's short article (November 25) on the new transport route to the Middle East. The timing, however, is unfortunate since as is well known the Austrian Danube was closed this autumn to all freight because of the exceptionally dry conditions in its headwaters. It was recently almost possible to wade across the Danube at Vienna and the reduced flow also gives cause for concern since it means reduced hydro-electric power in the countries concerned.

Since the snow falling on the Alps seldom melts until the end of winter, barge traffic to the Middle East or anywhere else will be at a grave disadvantage. I would also question the epithet "new" since my company has pioneered and operated this route in conjunction with Donau-Lloyd Mat and discussed some of the problems involved with the Bulgarians only recently. There are fortunately many alternative routes to the markets in question.

P. D. Stephenson.
334, Queenstown Road, SW8.

Abolition of fixed commissions

From the President
National Economic Research Associates

Sir,—Your November 15 editorial, "The pace of deregulation" erroneously states that, "In the U.S., the abolition of fixed commissions in 1975 led to brokers and dealers introducing pricing policies that favoured institutions over individuals." That is simply not the case.

Under the pre-1975 system of fixed commissions, brokerage rates were unrelated to costs. They simply gave no weight to the economies scale that exist in the brokerage industry. Institutions, faced with paying uneconomically high commissions, devised means of obtaining hidden discounts—the famous "give-ups," by which brokerage houses returned to the institution some portion of the commissions paid, either by offering "free" research or by other more direct discounting methods. When fixed commissions were abandoned, several things happened. Published rates charged to institutions began to reflect the previously hidden discounts, creating the impression that institutions were now getting discounts previously unavailable to them. And rates to smaller investors, which had previously been set at levels that did not permit brokerage firms to recover the costs of rendering that service, and hence had resulted in inadequate service (remember the paper work log jam?) were raised. But discount brokerage houses soon appeared, offering small investors "unbundled," low-cost no-frills services, previously unavailable to them.

So the net effect of deregulation was to bring published rates to institutions more closely in line with both the sub-rosa discounted rates previously charged and the costs of serving those institutions, and to provide small investors with the option of a no-frills service that was previously unavailable to them. There is no realistic sense in which this consequence of deregulation can be said to have "favoured institutions over individuals."

Irwin M. Stelzer.
123, Main Street, White Plains, NY 10601, U.S.

Health service spectacles

From Mr D. Austen

Sir,—The NHS is safe with the Tories! How deceitful when the thin end of the wedge has just been inserted as regards the supply of health service spectacles.

Until now, every resident of these islands, whatever their age, nationality, or financial circumstances has been entitled to be supplied with the NHS spectacles if necessary, paid for by their health service contribution. If Norman Fowler's proposals concerning the supply of spectacles becomes law, you will not be able to have subsidised glasses unless you are under 16 or on supplementary benefit. So if you are a working adult you must have private spectacles or go without—even though you are paying your contributions. Is this how he intends to bring down the cost of glasses?

We may as well de-register pharmacists next (they only count out pills) and the dentists (you can't die of tooth ache).

D. P. Austen.
45, Church Gate,
Loughborough, Leics.

Put copies on display

From Ruth McIntyre.

Sir,—It has struck me that one aspect has not entered the discussion on the Elgin Marbles, namely the possibility of displaying copies rather than originals. Apart from scholars and experts, would any member of the general public be able to tell a good (viz. British Museum) replica from the original? Durham Cathedral recently replaced the ancient bronze knocker on the sanctuary door with a copy cast by sculptor Michael Gillespie from a mould made by the British Museum.

As a basis for negotiation, I would propose that the country wishing to have its treasures returned must (1) guarantee access for scholars, (2) provide adequate housing and preservation (in the case of the Elgin Marbles this would include cleaning up the atmospheric pollution in Athens), and (3) agree to a limitation on the rate at which repatriation can take place, making the process a slow one, minimising disruption to all concerned, and allowing the proces to be stopped if any recipient country fails to meet the required conditions.

The use of display copies in lieu of originals would not be without its benefits. For one thing it should reduce the costs of heating and insurance. Making high-quality copies would create work for both artists and conservators, and the whole process would encourage cultural exchange at the expert level. And given that the chances of being annihilated by nuclear war over the next decade or two are far from negligible, spreading the world's great art thinly around the globe may ensure that some of it survives to inspire our great-grandchildren.

Ruth McIntyre.
98, Windsor Road,
Cambridge.

The FT Architecture Award

Radical changes at work

by Colin Amery, Architecture Correspondent

LAST MONTH the American economist J. K. Galbraith told an audience at the Royal Institute of British Architects that modern architecture's subordination to economics had been "truly disastrous."

He did not mean that modern architecture had not made money, he meant that the decline of the quality of the built environment was because of economic constraints. Galbraith went on to urge architects to struggle to achieve "maximum ascendancy over economics." While there can be no doubt that your architect can achieve a finer result if he is allowed to use the finest materials, it does not follow that maximum expenditure produces the most imaginative result.

The United Kingdom's expenditure on newly built capital projects, averaged over the last five years, was about 9 per cent of the Gross National Product. United Nations housing and building statistics show that the average for EEC countries and America is closer to 13 per cent. Is it because the UK spends so little on new buildings that architectural standards are generally so low or is it a lack of imagination on the part of the profession?

An interior view of the winning building, Gateway House in Basingstoke

Since 1967, this newspaper has organised an annual architecture award and the latest winners are announced today. Until last year it concentrated on industrial buildings, but the latest award was expanded to cover all the varieties of new buildings designed as workplaces.

The award has shown very clearly that it is not those clients and architects who spend the most money who create the most successful new working environments. Indeed, this year's awards show that the best results come through a concern for economy as a vital element of good design. The assessment of the award is a complicated process. Two architects and one layman examine the total annual entry, which this year amounted to 111 schemes.

It is not possible to visit all the entries and so a short list is prepared and all the buildings on this list are visited by the assessors. They are looking for architectural quality and also for a sympathetic and efficient working environment. This year there was an enormous variety of schemes to consider, but it emerged that new technology has produced two clear strands of building types which dominated the selection process.

One strand is the new kind of office environment being created by the information technology revolution, which is changing every aspect of office design. Old assumptions about office location and size are also being questioned.

The architect is having to design for a more flexible working environment, both because of the speed of technological change and the much more fluid working arrangements that automation allows. Control over energy consumption is another element in the design process that is fundamentally changing both the look and the shape of buildings.

This year's winner of the *Financial Times Architecture at Work Award*, Arup Associates' Gateway House office building for Wiggins Teape at Basingstoke, shows an awareness of all these new factors (full results of the contest are on page 12).

The second important strand—again a product of new technology—is the smaller industrial unit being built outside cities in industrial parks. Several of the buildings examined by the FT assessors were examples of elegant and simple premises in landscaped parks.

This form of industrial development, has been much encouraged by the new towns in the UK, is now developing on a larger scale as prestige company headquarters move from inconvenient city centres to more agreeable surroundings. The UK headquarters of IBM near Portsmouth, designed by Arup Associates, is a very stylish example of this new type of commercial premises.

The commended scheme, an industrial plant for Inmos designed by Richard Rogers and Partners, is an excellent example of the new, smaller industrial building. The factory is on a countryside site near Newport, Gwent, and has been carefully designed to take into account future growth as the microchip industry expands.

The ideas expressed in these award-winning schemes show the kinds of working environment that will become increasingly common—and which present a stark contrast to the huge office and industrial complexes that have been dominant in the past 50 years.

In many of the newer industries the need is for smaller units that offer a personal identity to the user, as well as the latest in technology and services.

A third new element highlighted by the results of the FT competition is the way some architects are trying to make bureacracy less intimidating for the local community. The judges commended Chester-le-Street town hall, designed by architects Faulkner-Brown Hendy Watkinson Stonor. Paying the rates here involves a walk through a pleasant public mall, official barriers are removed and the workings of the civil servants made visible and friendly.

Nearly half of private architects' business today involves designing for industry and commerce—work which in 1982 was worth £3.9bn. The percentage has been rising steadily over the years as businessmen have come increasingly to value the services of architects rather than buying premises "off the peg."

The architects, for their part, have been showing increasing sensitivity to the needs of business, as shown by winning schemes in the FT Architectural Award since this began.

There are certain long-running hallmarks of success. These include a flexible approach to design; an emphasis on energy saving and finishes which allow low maintenance costs; value for money; and a radical approach to services and the social side of working conditions.

The recent relaxation in the rules governing the architectural profession—freedom to advertise, to sit on boards and to run property and building companies—means that the architect is increasingly likely to be involved in the overall management of industry and commerce.

Companies should find it profitable to retain an architect in much the same way as they retain design consultants — not necessarily to build afresh but to ensure that the working environment is organised most efficiently.

Architectural awards act as a barometer of environmental development. This year's *Architecture at Work Award* has shown a very high standard of design and a willingness to tackle radical changes in the world of work.

FINANCIAL TIMES
Tuesday December 6 1983

SOVIETS REJECT ANY SUGGESTION OF RETURN TO INF TALKS

Moscow hint on Start walkout

BY ANTHONY ROBINSON IN LONDON

THREE LEADING Soviet spokesmen used a televised Moscow press conference yesterday to accuse the U.S. and its Nato partners of causing the Soviet walkout from the Geneva intermediate nuclear force (INF) talks. They also hinted that the Soviet Union was considering abandoning the Strategic Arms (Start) talks as well.

Mr Georgi Kornienko, the Soviet Deputy Foreign Minister, said responsibility lay with the U.S. and was shared by those who gave the green light for the deployment of U.S. missiles on European soil.

Western diplomats believe that the press conference, which closely followed the format used by the same three political and military spokesmen after the Korean aircraft disaster, was called to emphasise Soviet determination not to resume the INF talks, possibly until the U.S. presidential elections are over.

By blaming the U.S. for the Soviet walkout and angrily rejecting Western suggestions that talks could still be resumed on a different basis despite deployment of new U.S. missiles, the Soviet spokesmen signalled Moscow's intention to continue the propaganda war aimed at Western public opinion.

Mr Georgi Kornienko repeated Soviet allegations that Western leaders who had "attributed to the Soviet Union a willingness to continue the talks as if nothing had happened" were "deliberately misleading their own people and world public opinion with the aim of taking the edge off mass protests against deployment of cruise and Pershing missiles."

Asked about the likely effect of the INF walkout on the prospects for the Start negotiations and the possibility of merging the two negotiations, Marshal Nikolai Ogarkov, the Soviet chief of staff and deputy defence minister, said the INF talks "have been torpedoed by the U.S. and the other talks are heading in the same direction." What was needed, he added, was "a change of approach by the American side."

The last session of the current round of Start talks is due to take place in Geneva on Thursday and is expected to adjourn for two months before resuming in February.

Several questions were asked about Mr Andropov's health. They were fielded by Mr Leonid Zamyatin, chief spokesman of the Central Committee information department, who said: "Mr Andropov is getting better and is tackling in full measure party business, affairs of state and the affairs of the defence council." He responded angrily to further questions as to whether the Soviet leader had undergone surgery and accused reporters of "insinuations" which he could not accept.

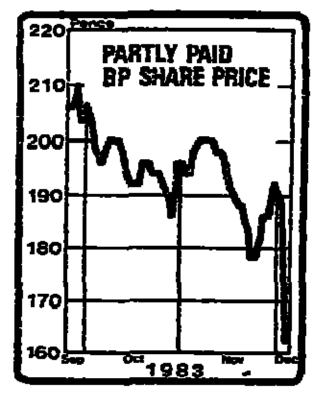
Turning to the Middle East, Marshal Ozarkov described the weekend's attack by U.S. fighters on Syrian positions in the Lebanon as "a bandit action directed at extending military intervention by the U.S. and Israel against Lebanon and all the Arab countries that supported Lebanon."

Mr Zamyatin added that the Soviet Union, "censures and condemns this act of agression" and added: "We will support those who are fighting Israeli and U.S. aggression."

● Warsaw Pact defence ministers gathered in Sofia yesterday for their first joint assessment of the deployment of new U.S. nuclear missiles in Europe and last month's suspension of the Geneva medium-range missile talks, **Reuter reports from Belgrade.**

The official Bulgarian news agency BTA reported the arrival of ministers from Czechoslovakia, East Germany, Hungary, Poland and Romania to join Soviet Defence Minister Dimitri Ustinov, who flew in on Sunday. All were met by Bulgarian Defence Minister General Dobri Dzhurov.

Soviet-U.S. missile talks, Page 2



Volcker maintains monetary stance

By William Hall in New York and Max Wilkinson in London

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve, yesterday attempted to allay fears that there had been any significant tightening in Fed policy in recent weeks and insisted that U.S. monetary policy remained basically unchanged.

Speaking at a conference of savings banks in New York, Mr Volcker said: "I would like to think it is reasonably apparent that there has not been any major change in posture."

His remarks came on a strong day for the dollar on the foreign exchange markets, reaching record levels in Europe against sterling and several other currencies including the French franc, lira and Swedish krona.

Renewed anxieties about the conflict in Lebanon, anxieties about the demand for dollars from debtor countries, and a rather sharp $1.6bn increase in U.S. money supply reported on Friday night were all cited in the markets.

As one dealer said, these all added up to a belief that the next move in U.S. interest rates would be upward, especially if the U.S. recovery brought a revival of borrowing by American industry.

In London the dollar's rise left sterling at its lowest value ever of $1.4455, almost a cent below its closing rate on Friday. However, Continental European currencies were falling even faster against the dollar, so that sterling's overall value against its trade-weighted basket of currencies rose 0.2 points to 83.1.

The dollar rose 3 pfg against the D-Mark to a 10-year peak of DM 2.7435. It also reached a record level of FFr 8.318 and rose to SwFr 2.1885 compared with SwFr 2.174 at Friday's close.

In addition, the dollar set a record at L1,658.5 and closed at its highest for 10 years at Y233.05.

Dealers reported some modest intervention by the West German Bundesbank, which supported the D-Mark when the dollar reached DM 2.73. Otherwise, most central banks appear not to have taken any action to check the dollar's rise.

The dollar's value against its Bank of England trade-weighted index closed at 129.7 in London yesterday, its highest level for three months, but still just below its peak in August, when it reached 130.5. Its value yesterday was nearly 2 per cent higher than at the beginning of November and 4 per cent higher than six months ago.

Fears on U.S. interest rates reflected yesterday in a rise in Eurodollar rates, with the three-month rate up an eighth of a percentage point at 10 per cent. In New York the interbank federal funds rate opened about 1/16 higher than the rate prevailing on Friday of 9½ per cent.

Mr Volcker, responding yesterday to a question about reports that the Fed had recently changed its monetary stance, emphasised that there were many definitions of tightening and easing.

He said that because money supply had been "relatively calm" in recent months and had not been growing rapidly, some people were interpreting that as the equivalent of tightening.

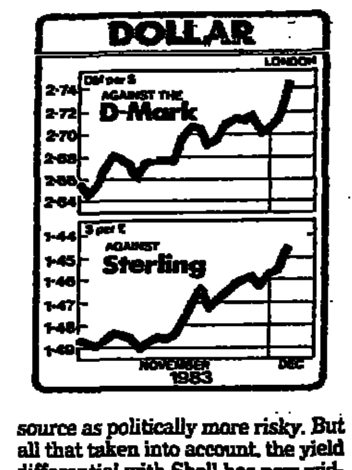
He went on to point out that others thought the Fed was easing because some interest rates had fallen recently. He also noted that still others were focusing attention on significant movements in bank reserves.

Money markets, Page 37

THE LEX COLUMN

BP learns the hole truth

International fund managers remain as defensive as ever in their attitude towards currency movements, to judge from yesterday's action on the foreign exchanges. Sterling performed the unusual double act of slumping to a new low against the dollar of $1.4440, while adding 0.2 points on the trade-weighted index. The message seems to be that, while the turbulence in the Middle East makes the dollar the safest haven, both the UK and U.S. currencies are greatly preferable to the D-Mark or Yen block on the grounds of short-term interest rate differentials, soft crude prices and Mr Volcker's poker face notwithstanding.



BP

Mukluk is the most expensive water well in history. The oil industry has sunk $1.6bn into licences to drill the area, and the test well into the main structure – costing a fantastic $130m or so – has come up with nothing better than a few ancient oil stains. The consortium may try a couple of structures below and to one side, just because they are now on site, but these will at best prove economically marginal. The exploration of Mukluk is effectively over. The cost to BP to date directly and through its stake in Sohio, is about £270m; hopes of a boost to net current assets of perhaps £1bn-plus have been crushed.

While the Mukluk failure has been unprecedented in terms of cost, there is nothing particularly surprising about a dry well. The oil industry rule of thumb is for nine failures out of every 10 tests. But in the case of Mukluk, the company had allowed the expectation of success to reach near-certainty in the investment community. In particular Mukluk was at the fore in arousing U.S. interest in BP in recent weeks and months. So yesterday U.S. sales gave a powerful downward impetus to the share price, which ended 24p lower at 392p. Moreover, with the final call due next month on the partly-paid shares sold by the Government and a sticky Opec meeting tomorrow, the news has emerged at a time of vulnerability for the stock.

Longer-term, a nasty hole in BP's production is developing for the early 1990s, and even if the South China Sea drilling programme is crowned with success, investors are likely to see oil supplies from this source as politically more risky. But all that taken into account, the yield differential with Shell has now widened to 2 percentage points, limiting any further downside.

Elders-IXL/CUB

The bid hatched at the weekend by Elders-IXL for Carlton and United Breweries (CUB) was last night worth all of A$927m but is far more than just Australia's largest prospective takeover to date. As well as controlling about half the Australian beer market, CUB's boardroom also represents a bastion of the nation's commercial establishment and must have given yesterday's trading in its shares a fair dinkum doubletake: the market handled about four times the volume normally traded in a month. And the man behind the excitement is Mr John Elliott, Elders' chief executive, whose power base – built up through a decade of quick-fire bids and deals – was cemented only two years ago with a critical helping hand from CUB itself.

CUB emerged from a complex series of deals on that occasion with 49.4 per cent of Elders. The brewer was yesterday expressing reservations about the terms of the bid and could in theory respond to Mr Elliott by grabbing control of his group. But the two have enjoyed a close understanding in the past which it seems reasonable to suppose might now provide a basis for some renegotiation. CUB's shares closed accordingly at A$3.78, a little over the closing value of the bid at A$3.68 per share.

The motive for CUB appears purely defensive: a merger on the right terms would surely be the preferred alternative to seeing at least a significant minority stake in its shares being accumulated by a maverick bidder. Industrial Equity Limited (IEL), a Sydney investment trust, adopted this guise by bidding A$3.30 for CUB last week although its move already looks less of a gamble than a shrewd piece of arbitrage likely to be handsomely rewarded.

For Elders, the merger should at last remove the threat hanging over it since 1981. Above all, it would provide another major acquisition in a country beginning to run dry of big enough targets for Mr Elliott's ambitions. Elders can better afford the price now that Australia's rural economy has turned sharply upwards, although the current terms imply 132m new shares and perhaps A$300m of fresh debt, which would mean little addition to earnings per share if the merged group earns about A$90m after tax in 1983–84. The spectacle of the Elders and CUB boardrooms getting together should keep the Australian business community absorbed in the meantime.

Ferranti

Monitoring the flight-path of Ferranti seems to be a fully automated procedure in the City these days and with 40 per cent of the company's output going to the Ministry of Defence, the tracking system does not even have to be particularly sophisticated. So there was no need for any market reaction to Ferranti's 25 per cent rise in pre-tax profits to £14.8m for the six months to September: the trajectory was dead right.

Although turnover is running ahead rather faster than profits at the moment, margins in Ferranti's main activities are actually solid enough. But the rising number of development contracts has a tendency to narrow overall margins until the production stage is reached.

Ferranti is performing a delicate balancing act to keep its capital spending high enough to suppress the tax charge but without lifting the gearing level. There seems to be a marginal swing in favour of debt control this year, with the estimated tax rate up by a third to 13.5 per cent. On £40m before tax, that suggests a prospective multiple of about 16, and the dividend has been upped by a fifth to keep the yield at yesterday's 632p at a finely tuned 1½ per cent.

Banks look at SMH activities

By Jonathan Carr in Frankfurt

SEVERAL banks in West Germany and other countries are showing interest in taking over some of the activities of Schröder, Münchmeyer, Hengst (SMH), the private bank rescued from the brink of collapse last month.

At least one London bank is understood to be among those interested, although there is no firm word available on its identity.

Ever since the German banking system stepped in with its rescue operation costing more than DM 800m ($291.6m), there has been constant speculation about what form SMH will finally take.

It is widely felt that it can hardly continue as it is indefinitely – a "private" bank none the less backed by the whole banking system and with top managers co-opted from, among others, Deutsche and Dresdner banks.

SMH got into difficulties by gravely over-extending its lending to one buyer in particular, the IBH building machinery group which is now trying to stave off bankruptcy.

But parts of SMH's operations have long been treated with respect by other institutions, especially its securities dealing. Although a relatively small bank, it handled up to 10 per cent of share volume on the Frankfurt stock exchange.

This element of SMH activities, and the bank's currency dealing expertise, could clearly be of interest to purchasers who feel that, in the circumstances, they might gain a bargain.

Likewise, some of the banks involved in the rescue operation would be happy to see a sale allowing them to recover at least part of the money they had to pump into SMH.

Our Banking Staff adds: Lloyds Bank of the UK said last night it would "neither confirm nor deny" reports that it was among foreign banks interested in buying the business of SMH.

Dome sale leaves TransCanada open to C$1.42bn Bell offer

BY NICHOLAS HIRST IN TORONTO

BELL CANADA Enterprises has agreed to pay C$167m ($134.6m) in cash for Dome Canada's 11.8 per cent shareholding in the utility group, TransCanada PipeLines and is extending the offer to all shareholders.

The offer values TransCanada at C$1.42bn. BCE said it was not its investment objective to acquire all the shares in TransCanada but felt its offer to Dome Canada should be extended to all shareholders. TransCanada's shares were halted yesterday at C$28⅝ against the offered price of C$31.50.

TransCanada said its board would meet on Wednesday to consider the offer.

BCE's offer for TransCanada, a natural gas transmission company with a pipeline taking gas from the Alberta fields to eastern Canada, is a new departure for the group.

It marks the first large investment by BCE since it was formed as a holding company as part of a complete reorganisation of Bell Canada's corporate structure earlier this year and points the way for BCE to become a diversified investment group.

The reorganisation was intended to separate Bell Canada, the largest telephone operating company in Canada, from the group's holding in the fast-growing digital exchange equipment manufacturer Northern Telecom, and its international contracting division. Bell wishes to make a clear separation between Bell Canada, whose prices are regulated by Canadian authorities, and its other profit centres.

BCE this summer raised C$336m in a public offering in Canada and overseas and had been expected to make a diversified acquisition, but most analysts had thought it would move further into high technology, possibly with a purchase in the U.S.

TransCanada has suffered from a depressed market for natural gas, but its exports to the U.S., which in the year to October 31 ran at only a third of contracted volumes, are expected to improve. But in the nine months to September 30 TransCanada reported a profit of C$160.7m against C$138.9m in the corresponding period.

Earlier this year Dome Petroleum and Dome Canada, is 48 per cent exploration affiliate, between them held 40.1 per cent of TransCanada. Dome Petroleum sold off its holdings as part of its plan to reduce its C$6.2bn debt, and Dome Canada reduced its stake to the 11.8 per cent now being purchased by BCE.

Swedes given 'catastrophic' warning over budget deficit

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH economy will suffer "catastrophic consequences" if the Government fails to act quickly to cut the state budget deficits, according to a report published yesterday by some of Sweden's leading economists.

The central government budget deficit must be cut by SKr 10bn–SKr 15bn ($1.25bn–$1.88bn) annually for several years, if it is not to run out of control, under pressure from the explosive growth in interest payments, they declared.

The report, "The Debt Trap," produced by the Business and Social Research Institute, said the effect of deficit – now about SKr 90bn or 12.5 per cent of gross national product – will be "catastrophic for employment, the current account of the balance of payments, and for inflation."

The Government's present aim is to freeze next year's budget deficit at the 1983 level, despite warnings from Mr Bengt Dennis, head of the Swedish central bank, that it should aim for further cuts of at least SKr 10bn = SKr 15bn a year.

Without them, The Government might be forced to introduce price and import controls and enforce stricter regulation of the credit market, the study said.

The institute's five-member economic council said the Swedish economy was showing firm signs of short-term recovery but far-reaching structural problems remained.

Since last year's 16 per cent devaluation, Sweden has seen an export boom, a big fall in the current-account deficit, rising industrial production and lower inflation than expected.

Inflation, however, is still about double the rate in Sweden's main competitors in export markets, such as West Germany, and the country has deep-rooted problems with unemployment and public finances.

The economic council, which includes two leading Social Democratic economists, strongly opposes forces in Sweden, such as the trade unions, that want more state expenditure to reduce unemployment.

The report said: "Expansive economic policies now would lead to higher deficits, inflation and unemployment in the future. If we do not quickly get a grip on the budget deficit, the structural problems will rapidly overcome us."

Moscow cuts oil price to $28.60

By Richard Johns in London

THE SOVIET Union yesterday bowed to pressure from some European customers by agreeing to a contract price of $28.60 per barrel (c.i.f.) for its Urals Blend crude.

The cut, which is expected to become the general rate for all Neftagazexport's customers, is the state oil agency's second within a month and comes two days before the Organisation of Petroleum Exporting Countries' conference in Geneva beginning on Wednesday. The Soviet price was $29.50, and followed Opec's price structure until mid-November.

Mukluk disappoints

Continued from Page 1

paid $391m for leases in the Outer Continental Shelf Sale 71 held last year and BP invested $190m in the auction which raised $1.7bn for leases related to the Mukluk structure.

Other companies involved are Mobil (15.8 per cent), Shell (14 per cent), Texaco (10.7 per cent), Amerada-Hess (2.8 per cent), Gulf (1.8 per cent), Koch (1.5 per cent), and Elf (0.3 per cent).

It will be another two or three weeks before it is known whether the results will justify a further "directional" well, drilled at an angle, from the man-made gravel island which cost more than $100m to construct in 48 feet of water.

"Oil seems to have been there but has migrated," Mr Walters said. It would take a year to build another island over the structure in another location.

Asked whether the risk was justified, BP's chairman said it was on the basis of the geological evidence and the well had discovered "everything we expexted in terms of geocgy."

Sohio and BP were well aware that the structure, an important focus of interest for oil companies and investors, might only contain gas – presently unmarketable in Alaska – or worse still, water.

The prime objective is known as the Sadlerochit group of the Ibishak formation. The second one, as yet untouched, is the Lisburne formation underneath it.

Syria to hold pilot 'until U.S. pulls out'

Continued from Page 1

guine. In Athens, where he is attending the EEC summit, Sig Craxi hinted that his Government would consider withdrawing Italy's peacekeeping troops from Lebanon. France is the fourth member of the peacekeeping force.

The U.S. continued to insist yesterday that Sunday's air strike was an act of self-defence. Mr Larry Speakes, the White House spokesman, said that U.S. policy was to respond if attacked

Pentagon officials were reported to be considering sending bomber escorts to accompany reconnaissance aircraft.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	13	55	Malaga	S	17	63	Salzburg	Fg	-6	21
Akrotiri	S	22	72	Faro	S	16	61	Malta	F	16	61	Seoul	S	9	48
Algiers	S	16	61	Florence	S	9	48	Manila	S	30	86	Singapore	C	29	84
Amsterdam	S	4	39	Frankfurt	S	1	34	Miami	S	28	82	Stockholm	C	8	46
Athens	R	12	54	Funchal	F	19	66	Milan	S	4	39	Strasbourg	S	-1	30
Bahrain	S	25	77	Geneva	C	-1	30	Moscow	Sn	-2	28	Sydney	S	23	73
Bangkok	S	29	84	Gibraltar	F	17	63	Munich	S	3	37	Taipei	S	28	82
Barcelona	S	13	55	Guernsey	S	11	52	Nairobi	-	—	—	Tangier	-	—	—
Beirut	S	24	75	Helsinki	Fg	3	37	Naples	F	11	52	Tehran	-	—	—
Belgrade	S	-1	30	H. Kong	S	22	72	New Delhi	S	24	75	Tel Aviv	S	22	72
Berlin	S	5	41	Innsbruck	S	1	34	New York	C	3	37	Tenerife	S	22	72
Biarritz	S	10	50	Inverness	F	7	45	Nice	S	14	57	Tokyo	S	13	55
Blackpool	F	10	58	Istanbul	F	10	50	Oporto	S	12	54	Toronto	C	1	34
Bordeaux	S	8	43	Jersey	S	8	46	Oslo	S	3	37	Tunis	C	14	57
Brussels	S	6	43	Jo'burg	C	22	72	Paris	S	4	39	Valencia	F	14	57
Budapest	S	1	34	Las Palmas	F	22	72	Prague	S	-2	28	Venice	S	8	46
B. Aires	S	27	81	Lima	S	22	72	Reykjavik	S	-4	25	Vienna	S	-2	28
Cairo	S	24	75	Lisbon	Fg	8	46	Rio de J'o	C	29	84	Warsaw	S	4	39
Cape Town	-	—	—	Locarno	S	4	39	Rome	C	11	52	Zurich	Sn	-4	25
Caracas	C	29	82	London	S	10	50								
Casablanca	-	—	—	Los Angeles	S	10	50								
Copenhagen	S	8	46	Luxembourg	S	5	41								
Corfu	S	15	59	Madrid	C	4	39								
Dublin	S	8	46	Majorca	S	16	61								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Budget deadlock looms in Athens

Continued from Page 1

signed to limit not only British and German payments to the EEC but also those of France, which will become a net contributor after Spain and Portugal join the Community.

The German proposal, however, probably leaves the UK paying several hundred million European Currency Units more than the "modest contribution" Mrs Thatcher is ready to make. In an attempt to get negotiations moving, she suggested yesterday morning that the Ten should aim for a system which would peg British and French annual payments at around Ecu 400m–Ecu 500m ($335m–$418m).

This would be expressed as a percentage of gross national product and would increase with national wealth. Initially, German payments would be limited to Ecu 2.3bn – the actual German contribution in 1982, when the UK's unadjusted payments were Ecu 2.036m.

Settlement of the budget issue is one of Mrs Thatcher's two conditions for allowing an increase in the ceiling on the EEC's budget revenues. Some progress was thought possible last night on her other condition – the introduction of a procedure giving better control over agricultural and other spending.

But as her spokesman lamented, the leaders were deadlocked over the details of possible economies to be made to the Common Agricultural Policy. Various proposals for milk quotas ran into trouble because they were too high, or too low or because they did not provide enough exemptions for Ireland, Italy and Greece.

France and West Germany remained in dispute about how to change the EEC's green money system while Britain, Denmark, the Netherlands and Germany continue to resist pressure from Greece, Italy and France for a Community tax on all oils and fats except butter.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday December 6 1983

Challenge to Citibank rocks world banking boat

BY WILLIAM HALL IN NEW YORK

MICHIGAN NATIONAL Bank, a small rebellious U.S. regional bank will confront Citibank, the world's leading international bank in a Detroit courtroom later today, in a second preliminary hearing of a court case which is being followed closely by international banks around the world.

Michigan National is challenging Citibank's decision to roll over its $5m share of a $45m loan to Pemex, the Mexican state oil company, without its permission.

The case is the first of its kind in recent history and could have important implications for the viability of many of the debt reschedulings which have been patched together over the last year. If Michigan National wins other small banks will be tempted to follow this course of action and this could undermine many of the delicately structured re-financing agreements.

Michigan National's basic argument is that when it bought its 11.1 per cent share in the Pemex loan in July 1982 from Citibank, it believed it was buying a participation in a loan that had less than four months to run. However, as Pemex became caught up in the Mexican financial crisis Citibank was forced to extend the loan on several occasions, the only consolation being that the margin on the loan was increased from ¼ per cent to ¾ per cent plus a ⅛ per cent fee.

At first Michigan National reluctantly agreed, but a year after it became involved it refused to consent to any more extensions of its involvement and asked for its money back.

"The original transaction was to have been of a short and limited term. Michigan National Bank of Detroit did not contemplate becoming involved in a long-term transaction of indefinite duration," says the Detroit bank in its court case against Citibank.

There is nothing unusual in Michigan National's predicament. Hundreds of other small banks around the world have faced a similar experience. But given the seriousness of the international debt crisis they have been prepared to see their short-term loans rescheduled into longer term credits even though many have privately regretted their involuntary participation.

Michigan National is the first small bank to stand up and rock the boat. The case is important because it focuses attention on the legal powers and obligations of a rather vague document known as the "Participation Certificate" which Michigan National signed with Citibank when it bought its share in the Pemex loan.

While there is widespread sympathy with Citibank's actions in the affair, since it had little choice but to agree to the rescheduling of the Pemex promissory note, bankers are following the case with interest since it provides the first real test of some important clauses in participation agreements.

Michigan National's challenge rests on two key paragraphs in the Citibank participation certificate. The first provides that Michigan National Bank of Detroit, independently and without reliance upon Citicorp ... will continue to make its own credit decisions with respect to its participation and the participation certificate."

The second key paragraph says that "Citicorp shall not, without prior written consent of Michigan National Bank of Detroit, exercise any rights which would directly postpone any date fixed for any payment of principal or interest."

Michigan National argues that since Citibank requested its prior written consent for an extension of the Pemex loan on several occasions, it was in fact recognising Michigan National's right to make its own credit decisions with respect to the participation in the Pemex loan.

It was also recognising the provision in the agreement which prohibited Citibank from exercising any right which would directly postpone any date fixed for any payment of principal or interest without the prior written consent of Michigan National.

Michigan National is suing Citibank because it alleges that the bank "breached and violated" the participation certificate. It says Citibank "ignored and usurped" its right to make its own credit decisions and also "directly and wrongfully reduced the principal and interest due to Michigan National." It also says that Citibank "wrongfully postponed" the principal repayment and interest dates on the Pemex loan.

Citibank, which still has to present its side of the case argues that it acted in good faith. It had no alternative. Today's hearing will concentrate on points of detail such as the types of document Citibank will be requested to provide. The real legal battle is not expected to begin until the middle or end of next month. Michigan National has elected for the case to be heard by a jury, which could make it more difficult for Citibank to prove its side of the argument.

Michigan National believes that the court will support its assertion that, according to the participation certificate Citibank needed its prior written consent to postpone the repayment of its share of the Pemex loan.

Many small banks which have been reluctantly dragged along in the rescheduling process are hoping that the case will throw some light on their legal rights in similar instances. Many resent the way big banks like Citibank have, they feel, bullied them into staying in loan reschedulings against their better judgment.

However, others believe that Michigan National is rocking the boat unnecessarily

"Michigan National is pretty well finished in international banking," commented one interested bystander, who believes the small Detroit bank will be ostracised from future international loans because of its willingness to throw down the gauntlet at Citibank.

Standard bids $500m for Trane

By Paul Taylor in New York

AMERICAN Standard, the U.S. bathroom and plumbing fixtures manufacturer, is to acquire the Trane company, a major U.S. air-conditioning equipment concern, in a two-stage deal worth at least $500m.

It should end a hostile takeover bid for Trane by IC Industries.

Under the first stage, American Standard – also a major producer of railroad and mass transit cars, automotive braking and control devices, heavy construction and bank security systems – agreed to buy more than 2.5m shares or 24 per cent of Trane, for cash held by IC Industries. Terms have not been disclosed.

Under the second stage, American Standard agreed to swap 1.45 of its common shares for each of the remaining 7.9m Trane shares outstanding. Based on American Standard's closing price last week of $34 a share, the second stage would be worth about $49.30 a share – a total of $389.5m.

Based on the total 10.4m Trane shares outstanding, and assuming the first stage is no less favourable than the second, the total value of the deal would be more than $512m. Trane last traded on the New York stock exchange on Thursday at $46 a share.

Under the agreement American Standard also received an option to purchase 6.6m, authorised but unissued Trane shares. Together with the 2.5m Trane shares owned by IC Industries, the option appears to assure the completion of the merger.

Trane, based in La Cross, Wisconsin, has assets of nearly $650m, and has been the subject of several recent takeover bids. Mr William Roth, Trane's chairman, had indicated that it was seeking a "White Knight" to save it from the IC Industries bid.

IC Industries gradually increased its stake in Trane, buying shares on the open market and acquiring a 15 per cent stakeholding from O'Connor and Associates and O'Connor Securities. These two Chicago investment firms became embroiled in a legal wrangle with Trane after it paid $135m last year for General Electric's air conditioning business.

Dorchester agrees to buyout plan

By Terry Dodsworth in New York

DORCHESTER Gas, the Dallas-based energy exploration and refining company, has agreed to a $580m leveraged buyout which will give management a "significant" equity stake in the company formed to carry through the transaction.

The deal, arranged by the Morgan Lewis Githens and Ahn Investment Bank, has already been accepted by the board and will be put to shareholders at an extraordinary meeting early next year. It involves the payment of around $396m for Dorchester's equity, and a further $184m to retire or refinance the energy group's existing debt.

Dorchester's shares have recently been trading at only a little more than half the price of the $22.50 a share cash offer. But they moved up to $16.50 before being suspended on the American Stock Exchange last Thursday.

Thyssen omits final dividend

By Rupert Cornwell in Bonn

THYSSEN, the diversified West German industrial group which is Europe's largest privately owned steelmaker, warned yesterday that it planned to omit its dividend for the financial year to September 30, 1983.

The decision, which will be sealed when the group's supervisory board meets to approve the 1982-83 results at the end of next January, is further proof of the German steel industry's dire position.

The group's preliminary report gave no indication of its overall net loss, after deficits of DM 66m ($24.4m) and DM 68m in 1981-82 and 1980-81. But in those years Thyssen did manage to pay a 4 per cent dividend, or DM 2 per DM 50 share.

However, it reported that the main sources of its problems were its steel and special steel division – and Thyssen's main subsidiary in the U.S., the Budd Company – although the latter should profit in the new financial year from the general upswing in the U.S. economy and previous rationalisation measures.

Thyssen said its worldwide net sales (excluding intra-group transactions) dropped by 7 per cent to DM 28.4bn, while gross turnover fell by 8 per cent to DM 35bn.

Sales by its steel division fell by 15 per cent to DM 7.9bn. Both were hard hit by the prolonged recession and the inroads of steel imported from other EEC countries and Third World producers on Thyssen's home market.

In recent months imported steel had covered nearly half the requirements of the domestic market, the company said.

But the capital goods division also suffered a setback, with turnover dipping 6 per cent to DM 5.1bn, as did its steel trading and services sector, where turnover contracted by 8 per cent.

French Government rescues shipbuilder

BY PAUL BETTS IN PARIS

THE FRENCH Government has given another subsidy to the troubled shipbuilding industry, to prevent the failure of one of France's two main shipbuilding groups.

The beneficiary, Chantiers du Nord et de la Mediterranée (CNM), will receive FFr 725m ($87.9m) in "exceptional aid" from the Government. Without it, the shipbuilding group, controlled by the private Empain-Schneider conglomerate, would have had to file for bankruptcy.

CNM groups together the shipyards of La Seyne, near Toulon, La Ciotat at the mouth of the Rhône, and Dunkirk, which employ about 12,000 people.

The other French shipbuilding group is controlled by Alsthom Atlantique, subsidiary of the nationalised Compagnie Générale d'Éléctricité (CCE) conglomerate.

The decision to concentrate French shipbuilding in two main groups was part of the Socialist Government's plan to restructure the industry, hit by a dearth of new orders.

The latest subsidy follows the Government decision last October to inject an additional FFr 650m in subsidies to shipbuilding.

Fiat sells control of paint unit

By Alan Friedman in Rome

FIAT of Italy and PPG, the giant U.S. paints group, have reached agreement on the purchase of a 65 per cent stake in Fiat's paints and varnish subsidiary, Industrie Vernici Italiani (IVI). Fiat would not disclose the value of the transaction, but it is believed that PPG is paying in excess of $100m for the stake.

The deal involves agreement to co-operate in a technology exchange between the two multinational corporations and envisages joint marketing in the European market. PPG, based in Pittsburgh, has subsidiaries operating in France, Spain and Italy. IVI which last year had a turnover of L160bn ($98m) and profits of L5bn, has about 50 per cent of the Italian market for automotive paints and around 40 per cent in home appliance coatings.

Dutch insurer improves revenue and profits

BY WALTER ELLIS IN AMSTERDAM

AEGON, the Dutch insurance group resulting from the recent merger of Ennia and AGO, has produced pro forma results for the first nine months of 1983 which show a 16 per cent improvement in gross receipts, to Fl 6.2bn ($2bn). Net profit, based on new accounting principles, was Fl 173m – up 17 per cent on the same period in 1982.

Aegon contributed Fl 90.4m of the aggregated earnings against Fl 82.6m from AGO. Before the merger, which took legal effect on November 30, AGO was in the hands of a private foundation and was not quoted on the Amsterdam stock exchange. Now investors can put their money in it via Aegon.

Aegon entered the Amsterdam equities list at Fl 94.50. Yesterday its shares closed at Fl 105.20.

In a statement yesterday, Aegon said that the positive market reaction to its shares after the announcement of the merger had stimulated conversion of convertible loans into immediate equity. The number of ordinary shares has increased by 6.3 per cent compared with the end of 1982 through conversion and the payment of dividend in shares. Had convertible loans been fully switched, profit per share would have been Fl 11.79, compared with Fl 7.51 for the first six months.

Life insurance gross receipts went up by almost 6 per cent. Premium income decreased slightly as a result of the lower production of single premium annuities in the U.S. Pre-tax profit increased from Fl 193m to Fl 221m.

Gulf & Western to pay $260m for Esquire

By Our Financial Staff

GULF & Western Industries, the diversified U.S. consumer products, leisure and manufacturing company, is to buy Esquire Inc in a deal valuing the New York educational and music publisher at about $260m.

G&W already holds about 27 per cent of Esquire's shares, and has now reached agreement to buy the rest for $190m. It said Esquire would be an excellent complement to its Simon and Schuster publishing unit.

Esquire sold the literary magazine, from which it takes its name, in 1977, and this year completed a restructuring that transformed it into an educational, publishing and communications concern.

Swedish Match set for property interest deal

BY DAVID BROWN IN STOCKHOLM

SWEDISH Match, the diversified industrial group, has signed a letter of intent to exchange most of its property for a 19 per cent interest in Stockholm-based property group Hufvudstaden, worth about SKr 650m ($82m).

Swedish Match officials said the exchange, giving it a continuing interest in the seven properties in Sweden, France, the Netherlands and Portugal, was a "medium term investment."

The group has been reorganising its operations, to stress "priority areas" like flooring, doors and packaging. The sale of the shareholding, the company's second largest, could generate cash for this expansion.

Hufvudstaden officials said the acquisition would give them experience on the international property market. The company had pre-tax profits last year of SKr 76m, SKr 7m up on the previous year. Property income climbed SKr 20m to SKr 220m.

Hufvudstaden will issue 2.1m new shares to help pay for the purchase.

Swedish Match had pre-tax profits of SKr 202m for the eight months ending August, SKr 131m up on the same period a year earlier. Pre-tax profits for 1982 were SKr 195m, on sales of SKr 7.5bn.

Hyster agrees to Esco takeover offer

By Our Financial Staff

HYSTER, the U.S. fork-lift truck maker, has agreed to the leveraged buy-out offer first made by Esco in October. The cash bid, by what is the company's largest shareholder, is at $69 for each of the 4.9m shares Esco does not own, valuing Hyster at $420.9m.

Esco, a private manufacturer of earth moving equipment and steel castings, already holds 19.7 per cent of the company which it helped to launch in 1929. Its bid topped the earlier $63 a share offer from Kohlberg, Kravis, Roberts, the U.S. leveraged buy-out specialists, made in September and since withdrawn in the face of the higher offer.

The deal, which is conditionally agreed, will leave Esco holding 80.5 per cent of Hyster, reorganised as a private company. A further 8 per cent will be held by members of Hyster's management and 11.5 per cent by affiliates of Morgan Guarantee Trust which has arranged the finance for the takeover.

Bid for Dale of U.S.

BY WALTER ELLIS IN AMSTERDAM

THYSSEN-BORNEMISZA, the Dutch-based holding company with trading and manufacturing interests in many countries, has made a bid worth $57m for the 82 per cent of Dale Electronics of the U.S. now held by Lionel Corporation.

Lionel has been in serious financial difficulties for some time and is now protected from its creditors by Chapter 11 of the American bankruptcy code.

Thyssen, which recently reported group sales of Fl 1.98bn ($633m) for the first six months of this year and a net income of Fl 17.7m, already has interests in a number of U.S. ventures.

Dale has been the subject of considerable interest on the part of a number of U.S. companies, and no decision has yet been made on the Dutch offer. Dale makes electronic parts and is not affected by the Chapter 11 ruling.

CUB sits tight as battle for control continues

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE STRUGGLE for control of Carlton and United Breweries (CUB), Australia's biggest brewer, continued yesterday, following Sunday's A$972m (US$885m) counter-bid by Elders-IXL. CUB has a 49.4 per cent holding in Elders which is a leading pastoral, food, finance, and resources group.

Yesterday, Elders extended its holding in CUB, which has about 50 per cent of Australian beer sales, to an estimated 9 per cent, while the Sydney-based Industrial Equity Limited (IEL) raised its stake to 8.7 per cent.

Last week, IEL offered A$3.30 cash per CUB share, in a partial takeover offer for 50m shares. At the weekend, Elders—in a bid to protect its independence—offered six of its own shares plus A$12.20 in cash, for every ten CUB shares. The Elders offer was worth A$3.68 per CUB share on the basis of yesterday's closing price—in Sydney.

The planned Elders-CUB grouping would create one of Australia's largest industrial concerns. However, CUB's board said yesterday it should not be assumed that Elders' bid had its automatic backing.

An estimated 17m CUB shares changed hands yesterday at prices between A$3.68 and A$3.80, closing at A$3.78. Elders closed 25 cents lower at A$4.10.

Until they lodge their formal offers, both bidders are free to purchase up to 20 per cent of CUB's shares on the market.

CUB said yesterday that the ramifications of the Elders' bid were being considered, that directors had asked for independent valuations, and that they recommended that shareholders take no present action.

IEL is headed by Mr Ron Brierley, the New Zealand-born financier, who has built IEL into one of Australia's most successful investment houses. Since IEL launched its partial bid for the Melbourne-based brewer last week, more than 11 per cent of CUB's capital has changed hands, with more frenzied action expected.

IEL said yesterday that, since it had purchased most of its CUB shares at around current price levels, A$3.80 could be regarded as a buyer's, not a seller's, price.

The bid by Elders is the biggest by one Australian company for another, though it is easily outranked by Broken Hill Proprietary's current US$2.4bn offer for the Utah International resources group, owned by General Electric of the U.S.

Electronic banking move by Westpac

By Our Sydney Correspondent

WESTPAC BANKING Corporation, Australia's largest private trading bank, has joined forces with three major retailers to launch a nationwide point of sale electronic payment service.

From next April, Westpac card holders will be able to pay for goods electronically in 500 Woolworths-owned stores, 450 BP Australia service stations, and 50 Food Plus convenience stores.

Launching the new service, Mr Bob White, Westpac's chief general manager, said that Westpac had strongly advocated deregulation of the country's financial system.

● The net value of foreign investment flowing to Australian enterprises fell by 43 per cent in the September quarter compared with the preceding three months, Reuter reports from Canberra.

New investment inflow was A$1.09bn compared with A$1.94bn in the previous quarter and A$1.81bn in the September quarter of last year.

Direct investment accounted for A$663m and portfolio and institutional loans to A$432m.

Saudi Basic Industries issue terms announced

RIYADH—Saudi Basic Industries Corporation (Sabic) has reported that its issue next month of 2m 1,000 riyal shares will be 50 per cent part-paid, and there will be an issue premium of 180 riyals per share. The effective issue price will thus be 680 riyals per share, with the balance to be called later.

The state-owned Sabic is issuing 20 per cent of its 10bn riyal (US$2.87bn) issued capital, with 1.8m shares being offered to Saudi citizens and 200,000 to citizens of the other five Gulf Co-operation Council member states; Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates.

Subscription lists open on January 4 and Sabic has set a minimum individual subscription of five shares and maximum of 1,000.

The issue will be made through the Riyadh Bank, National Commercial Bank, Arab National Bank, Saudi-Cairo Bank, and Al-Bank Al-Saudi Al-Fransi in Saudi Arabia and, through the national banks of the other five states for the non-Saudi portion.
Agencies

Finance for Taipower

TAIPEI—The Taiwan Power Company (Taipower) has signed agreements of two loans totalling 16bn Taiwan dollars (US$397m) to finance its power projects in the fiscal year to June 1984.

The two loans are both for NT$8bn—one agreed with the Bank of Communications and the other with the Bank of Taiwan.

The Bank of Communications' loan is for 11 years with a floating interest rate initially set at 10.375 per cent.

The Bank of Taiwan's loan is in two tranches. The first is for NT$3bn over seven years, and the second for NT$5bn over 12 years. The initial interest rate on both tranches is 10 per cent.

During the current fiscal year, Taipower needs NT$80bn for its power projects.
Reuter

Fewer Samurai bonds for January

TOKYO—Japan has set a scaled-down issuing calendar for January for its Samurai bonds—yen denominated bonds issued in Japan by foreign borrowers.

There will be only three public offerings totalling Y55bn ($236m) in January, down from four offerings totalling Y75bn in December. Similarly, January will see only two private placements totalling Y10bn, down from three private placements totalling Y15bn in December.

Although the smaller calendar means fewer foreign borrowers will be converting fewer yen from bond offerings into other currencies, causing a smaller bond-derived capital outflow from Japan, the securities houses believe that the decline will be temporary.

Thailand's telephone organisation and Korea's Export-Import Bank will account for January's two private placements. But overall in the private placement market during the first quarter, European borrowers will continue to predominate over Asians, according to Yamaichi Securities.

Yamaichi's latest bond report said rumoured private-placement borrowers in the first quarter of 1984 include France's Caisse Centrale de Co-operation Economique (CCCE), Spain's Autopistas Vasco Aragonesa (Avasa), Portugal, Spain's Autopistas del Atlantico (Atlantico), and Italy's Azienda Nazionale Autonoma Delle Strade (Anas).

January's private placements will each be for Y5bn, maturing in seven years. Yamaichi Securities will lead-manage the Korean Export-Import Bank placement, while Nikko Securities will head the Thai offering.

Of the public offerings the World Bank, the Samurai market's most prolific borrower, will come to the market for the 25th time, signing a Y20bn offering on January 11 with lead manager Nomura Securities.

Denmark will follow with its eighth public offering, led by Yamaichi. The Y15bn, 10-year issue will be signed on January 19.

CNT, the French telephone agency's financing arm, will close the month with a Y20bn public offering, led by Daiwa Securities. The 10-year bonds will be signed on January 25.
AP-DJ.

Interim increase for Plate Glass and Shatterprufe

BY BERNARD SIMON IN JOHANNESBURG

PLATE GLASS and Shatterprufe Industries, the South African processor and distributor of glass and wood products, raised net attributable income to R17.6m ($14.5m) in the six months to September 30, from R15.4m in the same period last year.

Group sales jumped by 50 per cent to R401.7m and operating income rose to R58.3m from R34.9m. Income attributable to outside shareholders rose more than fivefold to R13.3m from R2.5m following the merger earlier this year of Plate Glass's South African glass interests with those of the British Pilkington Brothers' local subsidiary.

The interim dividend is unchanged at 35 cents, but the dividend is 3.15 times covered by earnings, against 2.77 times in 1982.

The directors warn that the earnings increase in the first half of the financial year is unlikely to be repeated in the second six months.

Plate Glass is one of South Africa's few industrial companies with substantial operations in other parts of the world. It recently acquired James Clarke and Eaton, a British glass distributor and, according to the directors, the group "is in the course of expanding its European timber trading interests."

● BONUSKOR, the industrial arm of Volkskas, South Africa's fourth largest banking group, suffered badly from the deterioration in the domestic economic climate in the six months to September 30.

Difficult trading conditions and drought reduced earnings from the company's agricultural division combined to produce a net attributable loss of R1.34m ($1.11m) against R1.53m in the comparable period of 1982.

The interim dividend has been passed, as was last year's interim pay out. The company paid no dividend at its March 30 year end and the outlook is for a repeat of this in the current year.

The broadly-based group, which derives the bulk of its income from trading, manufacturing, forestry and sawmilling, reported a decline in operating income before interest to R2.6m from nearly R4m last year. But the bottom line was helped by reduced interest charges, reflecting a drop in domestic interest rates over the period and the cutback in borrowing.

Directors forecast that operating income in the year's second half will roughly equal that of the first half.

Wide-ranging management reshuffle at Iscor

BY OUR JOHANNESBURG CORRESPONDENT

MR FLOORS KOTZEE, the managing director of Iscor, South Africa's state-owned steel manufacturer, has been appointed the company's chairman following the retirement of Dr Tommy Muller, one of the country's best-known Afrikaner businessmen.

The appointment is part of a wide-ranging senior management reshuffle which Iscor said is aimed at "a better co-ordination of the production and marketing of the corporation's two main product groups—steel and mining products." The latter includes iron ore, coking coal and dolomite.

Mr Kotzee, aged 57, will be succeeded as managing director by Mr Willem Van Wyk, presently general manager in charge of steel operations.

Two other general managers have been promoted to the new posts of senior general manager. Mr P. A. Olivier will take charge of the steel division and Mr Ben Alberts will head the corporation's mining operations.

Iscor produces about three-quarters of South Africa's steel, and exported about 7m tonnes of iron ore in the year to June 1983. It suffered a record operating loss of R243.7m ($201m) in 1982-83.

COMPANY NOTICES

FINANCIAL TIMES
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UK COMPANY NEWS

FKI up to £0.91m so far and further progress expected

TAXABLE PROFITS of FKI Electricals advanced from £726,000 to £914,000 in the half year to October 7 1983 and on the basis of the second half so far, the directors are confident that the improvement will continue.

Turnover increased from £3.53m to £5.28m. There was no tax charge this time, against £378,000 last time, leaving the attributable balance well up from £346,000 to £914,000.

Earnings per 10p share climbed from 0.5p to 1.31p but the directors point out that these were distorted by the lack of tax charge and preference dividend. The interim payment on the ordinary shares is 0.2p—the company came to the market in October 1983.

English Numbering Machines, the loss-making subsidiary of Rank Organisation bought in April, made an unexpected profit during the period.

The division is now operating very close to 100 per cent efficiency in its new low overhead form and its profit contribution in the second half will reflect this, the directors state.

FKE division, which makes and maintains car park meters and other parking equipment, had a particularly successful year, with profits significantly up on expectations.

In the FKI division, order to intake struggled in the first quarter, but picked up well in the second.

The BFC division is currently finding trading difficult, particularly the new showroom/warehouse in Birmingham.

● comment

It looks as if the newly acquired ENM contributed just over 10 per cent of FKI's profits, having been widely expected to turn in another loss. But group margins still slipped three points to 17 per cent of turnover, which the directors attribute to the cost of bearing ENM's full overheads for four months while they halved its labour force and shifted production into FKI's own factory in Halifax. Now that ENM's costs have been trimmed, it could make £600,000 annually, and will be the main thrust behind current profits growth of perhaps 40 per cent to £2.1m pre-tax for the year. Growth has been less marked in the other divisions, which are either suffering birth pangs over new products or festering in mature industries. Tile distribution particularly sits oddly in an increasingly electronics oriented portfolio. The cash tied up there could clearly be put to more profitable use in FKI's mainstream activities. The inclusion of ENM lifts book net assets to around 3.5p per share, but that still leaves the price, at 20p up 1¾p, look a touch unprotected. However, the prospective multiple is only seven assuming a 5 per cent tax charge.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atkins Bros ...int	1.35	Jan 23	1.35	—	5
Chas Baynes	0.5	Feb 3	0.6	0.81§	0.85¶
Birmingham Mint ...int	3	Jan 16	3	—	10.5
Bremner ...int	0.5	Jan 26	0.5	—	2.2
Matthew Brown	5.82	—	5.55	7.42	6.9
Brownlee ...int	1.15	Jan 13	1*	—	2.86*
Control Secs ...int	1.58	Feb 17	1.58	—	3.15
Dubilier	1.1†	—	0.96	2	1.74
Ferranti ...int	2.2	Feb 3	1.8	—	5.5
FKI Electricals ...int	0.2	—	—	—	—
Hicking Pentecost ...int	Nil	—	2	—	2
Kleen-E-Zee ...int	1	—	1	—‖	3
Lynton Holdings ...int	2.2	Jan 4	1.82	—	4.75
Merrydown Wine ...int	1‡	Jan 17	Nil	—	5
Alfred Preedy ...int	0.75	Feb 13	0.75	—	3.5
R. W. Toothill ...int	3	—	3	—	7
Vinten Group ...int	0.91	Mar 30	0.81	—	2.45
Wagon Industrial int	2	Mar 23	2	—	6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For nine months following change of year end. ¶ For 12 months. ‖ Forecast of at least 4.5p.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland □	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	P. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9 %	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5¾%. £10,000 up to £50,000 6¼%. £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
□ Money Market Cheque Account = 8.75%. Effective annual rate—9.11%.

Closures hit Preedy and loss rises to £0.5m

ALTHOUGH THE nucleus of Alfred Preedy & Sons' retail and wholesale operations produced a modest increase in profits, the improvement was more than offset by the impact of branch closures, notably some of its specialist toy shops.

In the 27 weeks to October 1 1983, the pre-tax loss deepened from £3185,000 to £418,000. Mr S. L. Preedy, the chairman, says that although the result is disappointing, it is in line with the forecast made in the annual report. It also stated that a saving in interest charges would not compensate for the shortfall in operating profits.

Turnover of this wholesale and retail tobacconist fell from £46.03m to £45.44m, and there was an operating loss of £318,000 against profits of £157,000. There were exceptional costs this time of £52,000, which relate to redundancy payments to staff at head office, including the central warehouse, and in the printing division.

The pre-tax figure includes a surplus of £190,000 this time on sale of freehold properties. But interest charges were £300,000 (£472,000).

No tax was again payable.

Mr Preedy says the results for the full year will, as always, depend on the level of Christmas and New Year trading. He says it is too early at this stage to forecast the outcome, but the retail sales figures during October and November have given some grounds for optimism.

The interim dividend is unchanged at 0.75p — last year's total was 3.5p net from pre-tax profits of £482,000.

Bremner in loss

Although running into a loss of £21,745 in the half year ended July 31 1983, Bremner is holding its interim dividend at 0.5p. In the corresponding period it made a profit of £15,472, which had increased to £143,340 by the year-end, and the final dividend was 1.7p.

In the first half turnover of this Scottish-based general warehousing group rose to £1.71m (£1.64m) but the benefit of this was offset by the pressure on price margins. The trading loss went up from £47,082 to £69,256, and was exacerbated by a reduction from £62,554 to £47,511 in interest received, which arose solely because of lower interest rates. Cash resources remain "extremely strong."

Cable and Wireless

The new £1 partly paid shares in Cable and Wireless opened at 87p and closed at 98p, amid reports by jobbers in the stock that first day dealings had been dull. Yesterday, the Bank of England gave the details of the undersubscription of the offer for sale of 100m shares at a minimum tender price of 275p. A total of 7,495 tenders were received for 62,252,500 shares, while 27,506 striking price applications were submitted for 15,196,000 shares. The Bank also reported that 136 employees put in tenders for 81,900 shares, giving an overall total of 77,531,000 shares applied for.

External Trust

Of the £4m 8 per cent unsecured loan stock 2003/08 offered by the External Investment Trust, application from shareholders totalled only £2,249,900. The balance was allocated between subscribers in accordance with the agreement.

The resolutions proposed at the EGM were passed and accordingly the stock has been issued and allotted.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Butterfield-Harvey, Carless Capel and Leonard, Coalite, Geevor, Rowlinson Securities, United Leasing.

Finals: Archimedes Investment Trust, Baggeridge Brick, City Site Estates, Greenall Whitley, Leeds Group, Ranks Hovis McDougall, Trafalgar House, Vaux Breweries.

FUTURE DATES

Interims:	
Alpine Soft Drinks	Dec 12
Downs Surgical	Dec 14
Edbro	Dec 8
Equity and Law Life Ass.	Dec 21
London Merchant Securities	Dec 15
M. Witwatersrand (W. Areas)	Dec 8
Zandpan Gold Mining	Dec 8
Finals:	
Asscd. Paper Industries	Dec 13
Burns-Anderson	Dec 13
Carroll Industries	Dec 19
Gable House Properties	Dec 9
Lyons Irish	Dec 7
Saatchi and Saatchi	†Dec 12

† Amended

Vinten expands to £1.8m halfway

WITH THE exception of Vinten Electro-Optics, all companies in the Vinten Group contributed to an increase in (pre-tax) profits from £1.05m to £1.81m for the half year ended September 30 1983.

The outlook continues to be encouraging, the directors report, and they are expecting the profit in the second half to be higher than the first. They have lifted the interim dividend from 0.805p to 0.91p net, and intend to recommend a final of 1.89p, against 1.645p. In the second half of last year the profit came to £2.31m.

Sales by the group, which makes photographic, film and television equipment, and cameras, in the first half moved up from £7.23m to £11.98m. In the second half of the previous year turnover totalled £10.5m, but the directors point out that with the expansion of activities the split of sales between the two periods will be more uniform this year than in the past. With improved performance from certain subsidiaries, however, the profit should be higher in the second half.

Profits now contain a "material contribution" from activities additional to the important military and television business of W. Vinten, which has again achieved good results although its margins on television equipment are under pressure.

Vinten Electro-Optics had to provide for the cost of start-up and business integration totalling £167,000. It has received two contracts worth £336,000 for the manufacture and coating of germanium optics for infra-red telescopes.

Exotic Materials Inc is "fast recovering" the profitability levels lost last year. It has achieved profits of £556,000 and the order book is a record.

Irivector Systems International, with a profit contribution of £99,000 on sales of £917,000, has operated virtually in line with budget since acquisition in June. However, the price war amongst manufacturers of computing hardware is now being felt in the commerce division, and it is seeking product enhancement and new applications to maintain performance.

In contrast, the scientific division has a strong order book and keen export interest. The new systems division is widening its market and product base line and is already working in conjunction with other group companies.

After tax £727,000 (adjusted £422,000) the net profits for the half year came out at £1.08m (£628,000) for earnings of 5.75p (3.45p) per share.

● comment

These are excellent figures from Vinten, but there are quirks. In particular, though profits on completion of military contracts usually flow through in the second half, there are three big contracts bunched in these first half figures, and full year profits will evidently not match the interim rate of increase. In terms of seasonality, there is also a stabilising influence from last year's acquisition Exotic, which has already made more this year than it did in the whole of last. The hard-pressed instruments division, too, has finally squeezed into the black, and should do better again in the second half. And by the end of the year, it is hoped that the optics division will be breaking even, though there are still some losses to come. The one awkward area seems to be television equipment: demand is high, but so is competition, and the 5 per cent price increase due on January 1 will not fully cover costs. Full year profits should top £4m pre-tax, which on a 40 per cent tax charge puts the shares — up 11p at 263p — on a prospective multiple of 20 or so. On the forecast dividend, the yield is 1.5 per cent — not cheap, but this is a well-managed company in a growth market.

Baynes moves into laundry field

AT THE same time as reporting taxable profits of £230,000 for the nine months to September 30, 1983, compared with £384,000 for the previous 12 months, engineering group Charles Baynes announces a diversification move into the laundry business with the acquisition of two companies, Cleggs and Reactgold, for a total consideration of £2.25m.

Cleggs, a textile rental and garment cleaning company, will be acquired for £2.15m, to be satisfied by the issue of 3.32m Baynes 10p ordinary shares. These will represent 31.2 per cent of the enlarged issued capital after the two purchases.

Meanwhile the consideration for Reactgold, which trades as a contract laundry company under the name of Barrett's Fabric Care Services, is set at £100,000. This is to be satisfied by the issue of 147,059 Baynes shares representing 1.4 per cent of the enlarged capital.

For the year to July 31 1983 Cleggs made profits of £185,000 and had net tangible assets of £962,000. Mr W. E. M. Clegg, chairman and principal vendor of the company, is to join the Baynes board as a non-executive director. Currently Cleggs services some 400 customers.

Earnings per 10p share are given as 1.72p (2.99p) and the final dividend is set at 0.5p (0.6p) making a total of 0.8125p—equivalent to 10.83p on an annualised basis—(0.85p).

Control Secs. confident despite downturn

A FALL from £655,702 to £607,301 in pre-tax profits is reported by Control Securities for the six months to September 30 1983. Gross rental income of this property investment, management and development company improved from £228,902 to £283,055, and other income rose from £2.98m to £3.07m. Turnover, therefore, was up from £3.2m to £3.35m.

The directors say there has been no reduction in commercial activity, but delays have occurred in the completion of certain legal formalities.

All subsidiaries have contributed to the profit, with overseas companies again producing good results. This has been achieved despite the difficulties still existing in the property market.

The interim dividend is unchanged at 1.575p net — last year's total was 3.15p from pre-tax profits of £1.48m.

Control Securities is an associate of Labofund AG.

Birmingham Mint £0.33m down so far

The difficult trading conditions described in the recent annual statement of the Birmingham Mint are blamed for a £329,000 fall in first half pre-tax profits to £38,000.

However, current indications are that this six-month period will prove to have been the low point in the present trading cycle and a substantially better performance is expected for the second half ending March 1984.

The main adverse influence affecting the opening half was an exceptionally low volume of demand in the world coinage market, accompanied by severe price competition. Recently there has been a better tone in the coinage order book and the balance sheet remains "strong."

First half turnover declined from £5.72m to £5.26m and earnings totalled 0.9p (11.4p). The interim dividend is held at 3p net per 25p share.

Hicking Pentecost passes interim

AGAINST A background of continuing difficult trading conditions, Hicking Pentecost made a pre-tax profit of £21,000 for the six months to September 30 1983. This compares with £6,000 for the same period of 1982 and a loss of £346,000 in the last full year.

Following the omission of last year's final dividend, there is no interim for the current period (2p net). The directors anticipate however, that the full year results will allow the payment of a dividend, but consider it prudent to defer a decision until the year's results are available.

Profits made by the group's dyeing division have offset losses incurred by the knitting side in the period. The dyeing operations have continued to be busy during October and November and demand for these services should enable profitability to be maintained.

The knitwear division has maintained a high level of activity during the last two months and the forward order position is considerably better than at the same time last year. Normally it experiences a lower demand for the spring season than for the autumn season, but the boom recently reported by the retail trade is reflected in some improvement in orders being received.

First-half group turnover improved from £5.93m to £6.48m. Pre-tax results were struck before interest payments up from £144,000 to £150,000. There was no tax charge this time (£22,000) leaving a net surplus of £21,000 (£16,000 loss). Earnings per 50p share were 0.82p

Substantial losses were incurred by the knitwear division in the first three months to June 1983 but it returned to a small trading profit in the second quarter. Much of the stock built up for customers in the prior months has been despatched.

Following losses in the last three years, the dyeing division is now benefiting from rationalisation and reorganisation measures

UK COMPANY NEWS

Improving trend at Wagon Industrial

FOR THE opening half year **Wagon Industrial Holdings** showed an overall improvement which the directors anticipate should continue for the remainder of the financial year

Pre-tax profits for the first six months, to end-September, improved by £277,000 to £1.65m on a rise in turnover from £26.44m to £30.31m.

At the end of the period the group's order book was 15 per cent higher than at the same stage last year, although margins remain "very keen" particularly in the material handling and storage market where some competitors are quoting "unrealistic" prices for larger orders.

Earnings for the half year emerged at 3.94p (3.27p) after a 52 per cent tax charge. The interim dividend is held at 2p net—a final of 4p was paid previously.

Most of the UK companies, particularly Link 51, the two Oleo companies, Antocks Lairn and Leabank Office Equipment, had a significantly better opening half. Vinco (France), however, had an exceptionally poor half year due to the continued recession in the French Economy in general, and the office equipment market in particular.

Although various actions, including further cost cutting measures and also changes in top level management, have been been taken — the directors do not anticipate a notable improvement in the short-term.

Pre-tax profits were struck after changing same-again redundancy costs of £34,000 and net financing charges £97,000 higher at £130,000.

The group continued to benefit from an investment of substantial cash surpluses in the UK money market although interest rates were lower than those attained last year.

Singlo conversion

The directors of Singlo Group say that as a result of the conversion on November 30, 1983 of the 15 per cent loan stock 1988-91, the total issued ordinary capital in the company is now £3,142,309, comprising 31,423,090 ordinary shares of 10p each.

Of the 15 per cent loan stock 1988-91, £430,296 remains in issue.

Ferranti growth continue with 25% halftime rise

CONTINUED substantial progress is reported by Ferranti, the electrical and electronic engineer. In the half-year ended September 30 1983 it has seen its sales soar by £48m to £207.2m and its profit by £3m to £14.8m, *representing growth of 30 per cent and 25 per cent respectively.*

Shareholders are to benefit from an increase in the interim *dividend, which is up 0.4p to 3.2p* net. Total for the previous year ended March 31 1982 was 5.5p when profit before tax reached *£31.5m against £23.8m the year* before.

In the mainstream businesses margins are being maintained or are *improving, the directors* report. However, in the engineering division a continuing decline in the level of available business worldwide has caused further losses.

The new £10m processing facility for integrated circuits has started production to meet continuing growth in demand for the group's ULA devices.

Group order book stands at a record of almost £500m, which is up 17 per cent on the position of 12 months ago. Ferranti has been selected by the Ministry of Defence as the sole contractor *for a major programme of work* leading to the production of a *new radar system for the* Sea Harrier aircraft.

Substantial capital expenditure on new equipment and facilities *continues, and in the first half* totalled £12m, a rise of almost 20 per cent on the corresponding period last year. The level of borrowings in the six months *has* been low and borrowing on September 30 are similar to those of a year ago.

After deducting tax £2m *(£1.2m), minority loss £300,000 (£200,000)* and preference dividends £100,000 (same), the net profit attributable to the ordinary comes out at £13m (£10.7m) for earnings of 15.22p (12.54p). Cost of the ordinary *interim is £1.8m (£1.5m).*

	Half Year 1983 £m	Half Year 1982 £m
Turnover	207.2	159.0
Operating profit	15.3	12.1
Interest payable	0.5	0.3
Profit before tax	14.8	11.8
Taxation	2.0	1.2
Net profit	12.8	10.6
Minority loss	0.3	0.2
Pref dividends	0.1	0.1
Net attributable	13.0	10.7
Ordinary interim	1.8	1.5

HIGHLIGHTS

Elders has *launched the largest pure Australian takeover in the country's history* with a bid for Carlton United Breweries which controls half the Australian beer market. Lex considers the motives behind the complex three cornered fight. The column goes on to look at the half time figures from Ferranti which has done everything the market expected of *it with a profits rise from just under £12m to £14.8m pre-tax.* Lex then goes on to look at the bad news from BP where results from Mukluk seems to have dashed BP's hopes to keep its production buoyant into the 1990s. Finally Lex takes a passing look at the dollar, *which had a strong day yesterday following events in the Middle East* and higher short term interest rates.

Brownlee surges ahead to £1.5m

WHILE TURNOVER of timber merchant, **Brownlee**, rose by 24 per cent to £16.89m in the 26 weeks to September 24 1983, pre-tax profits were almost *doubled at £1.46m,* against £0.77m last time.

Mr J. M. McLelland, the chairman, says the half year's *trading result was "most satisfactory."* Operating profits jumped by 92 per cent to £1.53m (£0.8m), before interest *payments of £69,000 (£25,000).* After tax up from £280,000 to £650,000, net profits moved ahead to £806,000, compared with £490,000.

Earnings per 25p share increased from an adjusted 3.1p to 5.1p, while the interim dividend is effectively higher at *1.15p (1p) net—last year's total* was equivalent to 2.867p after adjusting for the one-for-two scrip issue.

The chairman reports that during the first six months, both the new housing market and repair, maintenance and the improvement side of the construc*tion industry showed signs of* increased activity, to which Brownlee is well equipped and located to respond.

For the remainder of the year, *forecasts suggest* that the increased activity in the building industry should be maintained. The reduction in the level of housing grants and the possi*bility of a severe winter should* however, upset these forecasts, Mr McLelland warns.

Trading in Scotland continued to be conducted in an atmosphere of considerable industrial *uncertainty, and the achievement* of a satisfactory profit still depended on Brownlee's ability to take advantages of the oppor*tunities present* and to adapt them, the chairman states.

As already known, Brownlee's two substantial shareholders, Meyer International Group and Globe *Investment Trust, repre*senting just under 30 per cent of its ordinary share capital, have disposed of their holdings.

These have been taken up principally by several institutional investors, of which Aberdeen Trust is now the only single holder with a *stake exceeding 5 per cent.*

The group's holding in Smurfit Corrugated Cases (Scotland) has been sold for a nominal con*sideration, which completes the* disposal of its interest in the company. Full provision has already been made for the loss on disposal.

Burnbank Joinery Centre, the group's associated company, traded profitably.

Dubilier over £3m and lifts dividend

DESPITE THE recession still affecting trading conditions, Dubilier achieved further substantial growth in the 53 weeks ended October 2 1983 by *pushing up its profit from £1.95m to £3.22m.* It is lifting its dividend from 1.7435p to 2p net, with a final of 1.1p on increased capital.

The overall *performance* benefited from first-time contributions by Edac of Toronto (12 months) and Automatic Connec*tor and Arco Electronics,* of the U.S. (four months). Group sales rose by £11.78m to £29.35m, with the UK showing a 24 per *cent rise and Europe a 35 per* cent advance.

A satisfactory *start has been* made to the current year, and the directors are anticipating further progress over the term. *There has been a general* improvement in the economy, both in Europe and North America.

This year the group profit was struck after much higher administration expenses of £5.52m (£3.53m) and interest £676,000 (£450,000). Tax takes £1.41m (£256,000) and minorities £82,000 (nil), to leave the net *attributable at £1.73m (£1.69m).*

Greenpar Connectors, of Harlow, had another good year. In Los Angeles, Flight Connectors continued to be affected by the depressed state of the commercial aircraft industry, with *resulting pressures on* margins.

The associate, Ion Beam Tech*nologies of Massachusetts,* plans to despatch the first of its commercial ion beam lithographic systems in mid-1984 to the Massachusetts Institute of Tech*nology.* Further heavy investment is being made in ion beam research and development programmes.

● comment

Dubilier's 65 per cent increase in pre-tax profits placed an already demanding market, and the share price added 6p to 154p, a new all time high. But a *wander down to the bottom line* shows an increase of only 2 per cent. Adjust for April's 1 for 4 rights issue, and earnings per share, on an actual tax basis, *have fallen. The rise in the tax bill* from 13 per cent to 44 per cent is largely responsible, and is a direct consequence in its turn of Dubiler's greatly increased U.S. earnings. However, next year's tax bill should be around 30 per cent, as the company gets more benefits from the tax losses tied up in the Automatic Connector acquisition. Dubilier's long-term aim is to have about 65 per cent of its earnings generated in North America, but it is already up to around 50 per cent. It looks as though Flight Connector will finally break into the black this year, though that remains Dubilier's least perspicacious North American acquisition. As regards the company's gee-whizz on beam technology, it is now *producing one system for the* Massachusetts Institute of Technology, but profits from commercial developments are unlikely before 1986.

UKO strong recovery with £1.2m halfway: but no payment yet

THE HALF YEAR ended September 30 1983 *has led* **UKO International** a long way on its recovery trail. From sales of £28.44m, against £24.64m, the profit before tax expanded from *£44,000 to £1.2m.*

Higher sales and reduced costs enabled the catering equipment division to lift its profits from £325,000 to £608,000, while the *ophthalmic side turned from* a loss of £281,000 to a profit of £587,000.

The directors are postponing any decision regarding a divi*dend payment until the full-year* results are available. The last payment was for 1980-81 when the total was cut from 9.68p to 5p as profits fell from £3.67m to £1.35m. Last year the profit was £557,000.

The ophthalmic division has moved into profit. Although *volume of lens sales for the half-*year is 17 per cent higher than previously, the lens side continued to show a loss. This is *due to the present fiercely com*petitive market which has prevented any increase in margin.

The price increase introduced last year *was not effective.* Therefore, net prices remained the same as they were in 1980, which is the last date when a price rise came into effect. The *company improved* its market share both in lenses and frames.

After tax £150,000 (£30,000), the half year's net profit was £1.05m (£14,000).

● comment

The opthalmic division of UKO has managed to pull itself out *of the red—despite continuing* losses from sales of lens. The frames business was boosted by the introduction of the first new NHS *frames for women for* years. The Government's intention to liberalise sales of glasses could benefit UKO in volume *terms, but may* erode margins unacceptably. The uncertainty clouds any attempt to assess future prospects though in the short *term, pre-tax profits of* £2.4m seem possible for the year. The catering equipment division which supplies such equipment as *high pressure boilers* and commercial counters to industry and hospitals has made a marked improvement to pre-tax profits on a small *increase in turnover through* reducing costs. Bid rumours have surrounded UKO for a couple of years, but *management claims to have* had no approaches. The share price rose 4p to 90p compared with a NAV of 128p giving a market capitalisation of *£12.5m.*

Merrydown's 97.8% rise enables interim payment

PRE-TAX profits at **Merrydown Wine** rose by 97.9 per cent to £363,227 in the half-year to *September 30 1983. Turnover was* up from £2.95m to £3.88m, an increase of 31.6 per cent. Exports showed an increase of 69.3 per cent to *£254,963.*

An interim dividend of 1p net *is being paid—a single* payment of 5p was made last year.

The directors of this USM company say that October and November sales were up to *expectations, following* six months of advances consistently ahead of general growth in the cider market.

During the period, Merrydown's cider sales *substantially out-performed* the overall market growth, as well as by month by month exceeding the levels of the previous year.

It was because of this continued success that, *according to* chairman Mr Ian Howie, the board decided to pay an interim dividend. Mr Howie says buoyant Christmas sales are anticipated.

Although the apple harvest was not as bountiful as last year, over half of Merrydown's apple pressing programme has now been complted and there is enough held in cold store to supply the press until June next year.

During the past si xmonths, a number of *improvements* were *made to* the bottling lines and further machinery is due to be installed in the New Year. Contract bottling has also been main*tained at a high* level over the past six months.

In his interim report, Mr Howie outlines the achievements for the half year of Merrydown's other product lines, including *vintage ciders in half pints* which have continued their growth in the "on" trade.

He says 1066 sparkling elderflower wine has consolidated its position as the top selling country wine *and is rapidly gaining* in distribution.

Mr Howie looks forward to the full year figures and adds: "I am confident the results for the year will show the company to have *made* further real progress."

Toothill progress

Although trading conditions *for furniture* maker **R. W. Toothill** were not easy during the six months ended September 30 1983 the company is continuing to make *progress* and is *confident* that the outlook "is encouraging."

Sales for the half year slipped from £2.01m to £1.96m but at *the pre-tax level profits* rose by £11,000 to £155,000. Earnings moved ahead to 11.86p (11p) per 25p share and the net interim dividend is held at *3p.*

Celestion cuts loss to £0.38m midway

Pre-tax losses of **Celestion Industries**, maker and distributor of sound *reproduction* equipment and clothing, were cut from £775,000 to £384,000 for the half year to October 1, 1983. Turnover rose to £14.8m, *against* £14.47m.

The seasonal nature of the group's business normally results in higher turnover in the second six months. The directors say initial indications reflect such a trend and if sustained for the whole period, could result in further *improvement* in group *performance.*

Operating losses decreased from £278,000 to £61,000 before reduced interest charges of £399,000 (£563,000) and lower dividends from quoted investments of £76,000 (£86,000).

Including a tax credit of £91,000 this time, the net deficit was reduced from £775,000 to £293,000, and loss per 20p share was 2.1p lower at 1.2p. There was also an extraordinary credit of £268,000 (£15,200 debit).

For the whole of the 1982-83 year, the group, which supplies Marks & Spencer, made a pretax loss of £610,000 and paid a single dividend of 1p net.

Moben chief resigns due to ill health

Because of ill health, Mr J. A. Bentham *has* resigned from his position as managing director of **Moben Group**, the Manchester-based home improvements group.

Mr Bentham has now left the company—he joined in December 1979—but does not intend to dispose of any of his 4.59m shares in Moben for a period of at least two years.

Mr J. Crossley and Mr M. Daulby have been appointed group joint managing *directors,* in addition to their continuing roles as joint managing directors of Moben Continental Kitchens.

Mr I. T. Carr, currently the financial director of the retail sales division, is also joining the Moben board.

On current trading the group *chairman,* Mr L. D. Morris, *says* he sees no reason to vary his statement—made in September—when he reported that it was unlikely that profits for the second half of 1983 would exceed the £1.53m made in the first six months.

The restructuring at Cold Shield *is now largely completed* and, with the launch of new products and a major advertising campaign scheduled for the new year, it is expected to return to profits in the second half of 1984.

UK COMPANY NEWS

Canvermoor leaps in second half to end 22% ahead

FOLLOWING THE 30 per cent decline at midway, there was as forecast, a strong recovery in second-half profitability at Canvermoor, soft drinks manufacturer. This resulted in a 22 per cent rise in pre-tax profits to £521,165 for the year to September 30 1983, against £427,790 previously.

Turnover of this USM company increased from £2.25m to £3.1m. After a tax charge this time of £23,653, earnings per 25p share were down from 14.3p to 12.7p, but as predicted, a final dividend of 2.44p makes a total payment of 3.64p for the year.

The directors say the strength of the company's second-half performance was obviously helped by the excellent summer, but also by its firm control of costs and the favourable effect of the high levels of investment it has been making over the last few years in terms of capital and labour.

"Wherever possible, the company has avoided giving the unnecessarily high trade discounts which have proved to be so damaging to our competitors," the directors state.

While trade in the Midlands and the North of England continues to be depressed, the company is advancing rapidly in the lucrative Southern market. The new Luton factory is now producing soft drinks and will soon commence processing cider under licence from H.P. Bulmer.

The inclusion of cider in Luton's product portfolio will lead to a much quicker return on investment and reduce substantially the units costs of the soft drink products. Group cider sales have continued to increase and the product, together with its bottled range of soft drinks, is an integral part of the "package deal" being offered to customers.

During the year the company acquired the freehold of its Normanton factory and this resulted in a substantial upward revaluation of these premises. The land and building costs of the Luton factory will be fully reflected in this year's accounts and pursuing this policy further it is currently negotiating the purchase of its North Eastern depot at a substantial discount from Peterlee Development Corporation.

Long term, the directors are convinced that the ownership of its factories and depots, wherever possible, is in the best interest of the company.

All the company's trading areas continue to show satisfactory growth in its customer base,

STOCK EXCHANGE BUSINESS IN NOVEMBER

Equity turnover reaches £5.07bn

BY GRAHAM DELLER

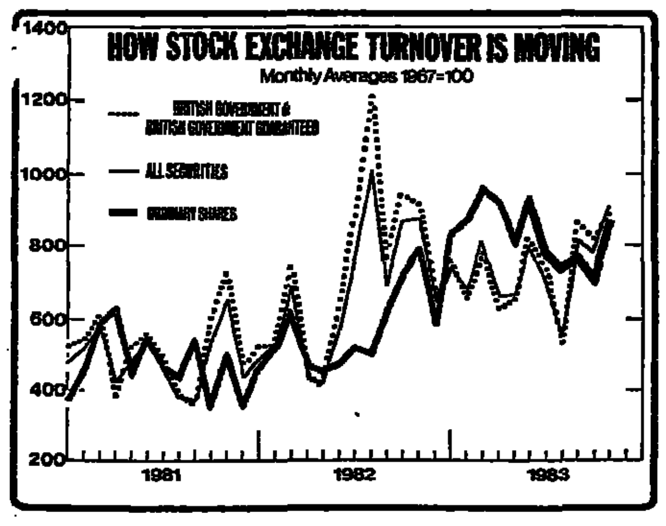
ACTIVITY IN all sectors of the London Stock Exchange increased during November as investment enthusiasm returned following lower inflation rate indications—the Retail Price Index came down to an annual rate of 5 per cent.

Total turnover rose £3.15bn, or 12.5 per cent, to £28.32bn. The Financial Times turnover index for all securities rose to 867.7, the highest for a year. The number of bargains transacted rose from 422,492 to 492,576, while the average value per bargain increased by £1,200 to £13,300. There were 22 trading days in November—one more than in the previous month.

Turnover in the equity sector moved ahead by £1.12bn or 28.5 per cent, to £5.07bn, compared with £3.95bn in October. Increased take-over activity was the main factor and was highlighted by the unprecedented bid battle between BAT Industries and West German insurers Allianz for control of composite insurance group Eagle Star. Business was further boosted by other deals in the financial sector, notably the RIT/Charterhouse merger and that involving Mercury Securities taking a stake in stock jobbers Akroyd and Smithers.

Consequently, the Financial Times turnover index for ordinary shares improved to 904.6 from October's 703.9.

Encouraging trading statements from leading UK companies, including FT 30-share index constituents Courtaulds,



Allied-Lyons and Beecham, which all revealed better-than-expected figures, coupled with strong American buying of Imperial Chemical Industries, lifted the Financial Times industrial ordinary share index to an all-time peak of 746.7 on November 29. The index closed the month a net 43 points higher at 746.1.

Gilt-edged securities were overshadowed by equities for most of November but still posted a 7.6 per cent increase in turnover to £20.87bn. Trade in longer-dated stocks increased by £0.51bn, or 7 per cent, to £7.77bn and business in the shorts by £0.7bn, or 5.7 per cent, to £13.1bn.

The Financial Times turnover index for Government securities was also the highest for a year at 883.2 compared with October's 821, while the FT Government securities index rose from an end-October level of 82.07 to 83.33.

Nervous recently following increasing worries over the South African Rand, golds rallied sharply reflecting revived U.S. support behind the firmer bullion price. The covering of short positions against delivery commitments helped bullion to rise $20.675 over the month to break the psychologically-important $400 barrier and close at $403.50 per ounce. The FT gold mines index spurted 108.8 during November to close at 570.1.

Category	Value £m	% of total	Number of bargains	% of total	Average daily value £m	Average bargain value £000's	Average daily bargains
BRITISH FUNDS							
Short dated (5 years or less to run)	13,102.2	46.3	30,644	6.2	595.5	427.6	1,393
Others (over 5 years)	7,765.3	27.4	45,977	9.4	353.0	168.9	2,090
TOTAL	20,867.5	73.7	76,621	15.6	948.5	272.3	3,483
IRISH FUNDS							
Short dated (5 years or less to run)	922.7	3.2	3,587	0.7	41.9	257.2	163
Others (over 5 years)	616.9	2.2	2,697	0.5	28.1	228.7	123
UK LOCAL AUTHORITY	305.6	1.1	3,758	0.8	13.9	81.3	171
OVERSEAS GOVERNMENT	287.7	1.0	3,389	0.7	13.1	84.9	154
OTHER FIXED INTEREST	246.4	0.9	22,599	4.6	11.2	10.9	1,027
ORDINARY SHARES	5,069.1	17.9	379,925	77.1	230.4	13.3	17,269
TOTAL	28,315.9	100.0	492,576	100.0	1,287.1*	57.5*	22,390*

* Average of all securities

COMPANY NEWS IN BRIEF

TMG Group, the Dublin-based ironfounder, is to pay the dividend arrears in respect of 1981 on its 8 per cent preference shares.

For the half year ended June 30 1983 turnover fell from I£14m to I£8.96m, but this produced a profit of £151,000, compared with a loss of £906,000. Interest charges were down to £120,000 (£627,000). Basic earnings are shown at 4.8p (loss 46.8p) per share.

* * *

Turnover of live stock auctioneer and estate agent, **John Swan & Sons**, dropped from £499,000 to £471,000 and pre-tax profits for the half year to October 31 1983 were lower at £114,000, against £134,500.

Profits included interest received of £2,000 (£2,500). After tax of £59,000 (£69,000) earnings per 25p share fell from 9.6p to 8.2p.

* * *

For the half year ended September 24 1983 pre-tax profits of Dublin-based **Gypsum Industries** moved ahead from I£2.6m to I£2.97m from sales of £12.85m, compared with £12.48m.

Directors of this BPB Industries controlled company, which operates gypsum mines and manufactures plaster, regard the outturn for the six months as satisfactory. Home market demand weakened during the period, but export sales of the company's manufactured products continued to increase.

* * *

Net asset value of the **Dundee & London Investment Trust** rose from 141p to 170p as at October 31 1983, but this is compared with 176.1p as at April 30 last.

Net revenue for the 1982-83 year came through just ahead at £760,000, against £736,000, after tax £371,000 (£386,000), giving earnings per 25p share of 4.43p (4.3p).

The final dividend is up from 2.75p to 2.85p lifting the total to 4.35p (4.25p) net.

* * *

The joint receiver of the **Dudley Foundry Company** has exchanged and completed contracts with **Wombwell Foundry (1982)** whereby the latter acquires the benefit of customer order enquiries and technical and other information. Wombwell Foundry will produce castings at its foundry in Wombwell, Barnsley, Yorkshire.

* * *

An increase from £14,000 to £87,000 in pre-tax profits was achieved at **Kleen-E-Zee Holdings** in the half-year to October 5, 1983, and the directors take the view that this trend will be maintained. In which case, it is their intention to recommend a final dividend of at least 3.5p —up from 2p—to give a total for the year of 4.5p against 3p.

In the meantime, an unchanged interim of 1p is being paid.

Tunrover of this manufacturer of energy saving devices, brushes and cleaning products, rose from £6m to £6.65m. Interest charges were lower at £171,000 against £207,000, but tax rose by £3,000 to £14,000. There was an extraordinary credit of £262,000 (£7,000), and earnings per 25p share jumped from 0.3p to 10.29p.

The extraordinary credits represent the surplus arising on the sale of the College business of £373,291, less £111,073, the cost to-date of the closure and transfer from Glasgow to Bristol of Harrisson-Archer and John Ferguson and Sons Glasgow.

* * *

Blackwood Hodge (Canada) reduced its pre-tax losses by C$631,000 (£349,000) to C$3.26m (£1.8m) during the nine months ended September 30 1983. Turnover for the period totalled $63.51m, compared with $80.97m.

Substantial reductions have been made in the group's inventories and in view of a limited demand for its products, the directors will review the question of a provision against the inventories at year-end.

A major supplier of equipment and parts to the group is in financial difficulties and the directors are awaiting clarification of that company's position.

* * *

The share listing of **Clifton Investments** has been cancelled. The shares had been temporarily suspended for over three years. No bargain are being permitted under Rule 163 (2) other than those in accordance with Part E of Permanent Notice C-29.

BIDS AND DEALS

BTR selling Thos. Tilling offshoot

BY DAVID DODWELL

Cookson Group, the smelter and non-ferrous metal fabricator which used to be called Lead Industries, has signed a letter of intent to buy Alpha Metal Inc from BTR.

Mr Fergus Munro, Cookson's *finance director, predicted* yesterday that the deal ought to be completed by the end of January. He could give no price tag, but suggested it would be higher than $25m (£17.28m), Alpha's approximate net asset value.

Alpha became part of BTR when the industrial conglomerate acquired Thomas Tilling for over £650m in June after a fiercely fought two-month takeover battle.

Alpha manufactures solders, fluxes and creams mainly for the electronics industries from headquarters in New Jersey. It has four manufacturing plants in the U.S., one in West Germany, and a sixth in Hong Kong. In 1982, it earned profits before tax of about $5m, on a turnover of about $70m.

While the deal can be seen as part of BTR's rationalisation as it digests the Tilling group, it is understood that Cookson took the initiative in the discussions which started about a month ago.

Mr Munro said yesterday that Alpha provided a valuable complement to its other soldering and flux businesses—Fry's Metals UK, and Fry's Metals Inc, which is based in Pennsylvania.

At present, Fry's manufactures industrial solders, which is a declining market. Cookson is therefore keen to diversify into the fast-expanding area of solder manufacturing for the electronics industry.

These operations will also complement with Electrovert, a Canadian company in which Cookson has a 50 per cent stake, and which manufactures flow solder machinery used in applying *solder to printed circuit* boards.

Cookson said that there were still details of the deal to be finalised. It will also have to be approved by the U.S. Securities and Exchange Commission.

Cookson has in the recent past shown signs of improved profitability, though some parts of its business are admitted to remain unprofitable. In the first six months of 1983, pre-tax profits rose to £10.1m from £6.2m in the first half of 1982. Sales during the same period were £35m up at £267.2m.

At the time of the interim statement, Cookson said recovery had been strong in the U.S., *with cost-reduction programmes* leading to "much improved" profits.

Rio Tinto's bid for Maureen stake in doubt

The future of **Rio Tinto-Zinc's** £60m bid for British Electric Traction's 5 per cent stake in the Maureen oil field was in doubt last night, following preemptive bids from BET's partners in the field.

Under the terms of the RTZ offer, BET's partners had until last weekend to make preemptive bids. The indications last night were that at least two of the partners and possibly more had made offers.

Ultramar and Century Power and Light, a subsidary of *Imperial Continental Gas, have* both expressed interest in BET's stake in Maureen.

The other partners, Phillips Petroleum, Agip, and Petrofina, were also believed to be involved in negotiations last night.

The situation has been complicated by the fact that the *pre-emptive offers differ* in detail from the RTZ bid. RTZ, for instance, was willing to buy all of BET's North Sea interests, including undeveloped acreage outside the Maureen field.

It was not clear last night how much freedom to manoeuvre BET has. Nor was it certain what would be the legal position if RTZ attempted to raise its offer. None of the companies involved would make any comment.

● BET has completed the sale of **Wrekin Construction Company** in a management buy-out which has raised about £3m cash. Wrekin is a civil engineering contractor owned by BET Omnibus Services. BETOS received £2,994,000 cash, including repayment of a £650,000 inter-company loan, from Wrekin.

● BET has also completed the sale of its subsiniary, Canadian Motorways, a part of Federal Industries of Winnipeg. The consideration of C$16m was settled in cash.

Bestobell purchase from Thorn

BY DAVID DODWELL

FOR £2.6m cash **Bestobell, the** engineering group which specialises in instrumentation and controls, has purchased **Evershed & Vignoles**, a subsidiary of Thorn EMI.

Evershed is based in Chiswick, West London, and specialises in the design, development and manufacture of engineering components for industrial and defence markets.

Mr Donald Spencer, chief executive of Bestobell, said *yesterday that* the purchase of a company "which is complementary and offers a useful *extension to our own business*," was part of a programme of group rationalisation which began early this year.

This follows disappointing figures this year, in large part because of difficulties in South Africa and Australia. Pre-tax profits for the first half of 1983 declined by almost £700,000 from the comparable period in 1982 to £4.1m, on a turnover up by more than £5m to £66.94m.

In the half year figures, Bestobell made a £1.3m provision for rationalisation in its overseas operations. Yesterday's deal was a complement to this programme, expanding "a very successful part of the group," Mr Spencer said.

Evershed, which employs about 300 people, will become part of Bestobell's Controls and Instrumentation group. The book value of its net tangible assets is "in the order of" £2.6m, and the management is predicting a pre-tax profit for 1983 of around £250,000 on a £4m turnover.

BTR holds a 24 per cent stake in Bestobell, following an abortive takeover bid three years ago. It has on occasion threatened to relaunch its bid if Bestobell's performance is not improved.

Yesterday's acquisition is Bestobell's third so far this year. Mr Spencer said the group was *in discussion on further deals,* and noted that controls and instrumentation was "an area for further expansion."

Erskine buys into photocopiers

Erskine House, with interests in security services and bureaux de change, has agreed to acquire three companies which sell and service photocopiers.

Along with the announcement Erskine reveals that it made good progress in the six months ended September 30, 1983 when profits at the pre-tax level rose from £81,000 to £173,000.

Erskine's profits were struck after deducting £67,000, being compensation paid to former directors.

The companies being purchased are Atlas Business Group, Deejay and Co. and Tower Business Machines. Consideration will be satisfied by the issue of 2,219,445 new ordinary shares of Erskine House and up to £70,000 in cash.

A further 250,000 shares may be issued as deferred consideration. Some 1,744,445 of the new shares are being placed with institutional investors by J. Henry Schroder Wagg and Co.

All three companies distribute the U-Bix range of copiers. Atlas operates in Oxfordshire, Berkshire, south Buckinghamshire and part of Hampshire. Profits before tax for the year to end-January 1983 amounted to £77,000. Its net tangible assets at that date had a book value of some £148,000.

Deejay operates in Bedfordshire, north Buckinghamshire and part of Cambridgeshire. In the past it operated as a partnership and in the year ending December 1982 profit attributable to the partners was some £69,000.

Tower operates in Shropshire, Staffordshire and parts of Cheshire and the West Midlands. In the year to March 31 1983 it made a small loss before tax on turnover of some £0.7m.

* * *

The Stock Exchange listing of **Ellendread Mill**, the Rochdale spinner of cotton and man-made fibres, was temporary suspended at 9.30 am yesterday, at the company's request, pending an announcement.

The company's share price at the time of suspension was 28p.

* * *

Acceptances of the **Sun Life Assurance** offer for **North British Properties** shares not already owned, have been received in *respect of* 9,078,822 ordinary (86.3 per cent). Together with the 3,350,000 (24.2 per cent) already held, Sun Life now holds or has received acceptances in respect of 12,428,822 (89.6 per cent) of North British.

Sun Life has declared the offer unconditional as to acceptances, *and it remains open until further* notice.

* * *

Stewart Wrightson Holdings has reached agreement for Bowring Barclays and Associates Holdings (SA) and Minet Holdings SA (Pty) to jointly acquire its South African subsidiary Stewart Wrightson Holdings (SA) (Pty), with effect from January 1 1984. Consideration will total R1m (£573,000).

UEI to buy two high technology companies

By Ray Maughan

UEI, the "club" of electronics and engineering enterpreneurs, told a hastily arranged meeting of some 30 institutional shareholders and brokers' analysts that it "does not currently believe that there will be an improvement in overall group pre-tax profits in the second half year compared with the first."

The group was, however, able to confirm its adherence to high-growth, high-technology markets with the announcement of two acquisitions.

The group achieved pre-tax profits of £9.42m against £4.21m in the year to January 31, but *interim profits of £4.24m* have subsequently disappointed the market, and the shares slipped 13 per cent to 145p in the last week alone.

Analysts, who attended the meeting, had been watching carefully that the group would be able to turn its growing order books into higher profits, and the board was at least able to steady the share price yesterday with the statement that "order books throughout the companies are at high levels for existing products, and management is working to translate these orders into profits."

But there was no indication that Cabletime, which provides turnkey *contracts for* cable television contracts, would be able to produce significant orders this year. Cabletime, as one analyst put it, "was expected to produce the jam on the bread" but only an undisclosed *order has so far been awarded* to the company and that will not come on stream until next year.

UEI is to pay £880,000 for **Laser Applications**, which specialises in the design and manufacture of gas laser systems for scientific industrial and medical markets. The three major product lines are industrial laser marking systems, radi frequency excited lasers and pulsed gas lasers.

UEI will take over the entire preference capital and a 58.3 per cent stake in the enlarged equity, through a combination of the purchase of existing shares and the issue of new shares. The consideration is made up of £795,000 cash and £85,000 by the issue of 48,852 ordinary 10p UEI shares.

Laser lost £62,000 before tax in the year ended last May on turnover of £753,000 and net tangible assets, adjusted for the *share issue of £266,000. UEI has* an option to take out the minority on an earn out formula which allows for a minimum consideration of a further £490,000 and a top additional payment of £3m, in cash or equity, if profits reach £789,000 for the year to July 1986.

UEI is also paying £250,000 for **Quest 80**, maker of specialist coach and bus chassis, and the payment is to be satisfied by the issue of 140,000 new 10p ordinary shares, fully paid.

IN BRIEF

In part payment to the vendor of Wigwam International Holidays, the **James Halstead Group** has allotted to Mr M. J. Smith 142,857 ordinary shares to the value of £100,000. Further shares up to a maximu mvalue of £50,000, based on the market value at October 31, 1983, may be issued following the resolution of a legal dispute with the vendor.

In February, it was stated that £150,000 of the total consideration of approximately £500,000 for Wigwam, would be satisfied on October 31, 1983 by the issue of Halstead ordinary shares based on the *market* value at that date.

The final element of the consideration is a sum in cash, equivalent to 50 per cent of Wigwam's pre-tax profits for the years ending October 31 in 1983 and 1984, such consideration to be paid within 30 days of the *relevant audited accounts being* available.

* * *

Doulton Glass Industries (Holdings) has received formal acceptances in respect of 99.76 per cent ordinary, 92.88 per cent cumulative first preference and 99.65 per cent non-cumulative second preference shares in **James Clark and Eaton**. Steps are being taken to acquire the balance outstanding. The offer became *wholly unconditional* with effect from December 1, 1983.

* * *

Parkfield Foundries has completed the purchase of Walker Castings and Walker Steel Works, both subsidiaries of the Sheffield-based private group **Greenside Thompson**.

Net asset values of the companies being acquired total approximately £95,000 and the aggregate consideration amounting to approximately £140,000 (*subject to any post-completion* adjustments) has been satisfied by the issue of 308,787 new ordinary shares in Parkfield.

* * *

Eldridge, Pope and Co. has completed the acquisition of **J. B. Reynier**, London wine merchant. Consideration amounted to £425,000 of which £170,000 was paid in cash. The balance has been satisfied by the issue of 36,016 "A" (restricted voting) ordinary shares credited as fully-paid which do not rank for any dividends for the year to September 30, 1983.

The 36,016 "A" shares will be dealt in the Unlisted Securities Market.

* * *

GRA Group, through its wholly-owned subsidiary Wimbledon Stadium, has acquired 20,000 ordinary shares in Southend Stadium, equivalent to 36.13 per cent of the issued ordinary shares, or 36.27 per cent of the total voting capital.

MINING NEWS

Amax and Petrofina see joint U.S. coal venture

BY KENNETH MARSTON, MINING EDITOR

A MAJOR joint coal venture is envisaged by America's Amax natural resource group and the Brussels-based *Petrofina oil* group. An initial agreement signed yesterday is expected "to lead to the creation of a joint venture for the acquisition, development, production and marketing of coal from the Appalachian region of the U.S."

Petrofina is to acquire a 50 *per cent stake in Amax coal* interests in Appalachia, consisting primarily of three undeveloped coal deposits in West Virginia and Tennessee. The partners will market coal produced by the venture, and others, primarily under long-term contracts.

The price to be paid by Petrofina for its half-share in the *venture is not disclosed. But it* will be fairly substantial in view of the fact that the West Virginia reserves total some 250m tons of recoverable coal while those in Tennessee hold 50m tons. Taking the deposits to the production stage would require a much higher investment by *both* parties.

Basically, Amax is contributing the coal land and the mining skills required while Petrofina will be providing marketing expertise in Europe. The latter is an important point because while Amax is the third largest coal producer in the U.S. nearly all its output goes to the domestic market.

The coal is understood to be of the ordinary steaming quality as produced in the U.S. and Australia which, at the moment, is in over-supply. Because of this no definite go-ahead decision has yet been taken for the time being.

So the significance of the venture is in its long term possibilities and, not least, in the creation of a closer relationship between the two major companies. It is possible that this could lead to other moves in the future but there are no such plans at the moment.

Swiss quote for Gold Fields subsidiaries

SHARES of the **Consolidated** *Gold Fields* group's **Gold Fields of South Africa** mining finance house and the gold-producing **Driefontein Consolidated** and **Kloof** companies are now listed on the Zurich, Basle and Geneva stock exchanges.

Driefontein shares are also being *listed in International Depositary Receipt form* on the Brussels exchange.

Mr Peter Janisch, GFSA's general manager of gold operations, said that both Driefontein and Kloof were self-sufficient as far as capital expenditure requirements were concerned. He pointed out that there was thus no need for the mines to make a rights issue "over the next two decades."

He also commented on the long lead times associated with opening up new stoping (working face) areas. Capital spending was already being incurred in areas which will not start producing until 1995.

These projects were "perhaps the clearest indication of (the group's) confidence in the long-term future of gold," he added.

MINING NEWS IN BRIEF

THE HIGHER gold price and increased production have helped Canada's **Pegasus Gold** to lift net profits for the first nine months of 1983 to C$5.9m (£3.3m) or 94 cents a share from C$3.6m or 63 cents at the same stage of last year.

Pegasus derives its income from a majority interest in two low-grade gold and silver heap-leaching operations in Montana, the Zortman and Landusky mines. Production so far this year has risen from 54,977 os to 62,782 oz.

The full-year's target output of 75,000 oz gold and 125,000 oz silver has been attained since then.

* * *

International Mining of Australia is halfway through an eight-hole drilling programme at the Wehla gold prospect in Victoria, and intends to follow this with exploration work at the nearby Tarnagulla prospect, Mrs Millie Phillips, chairman, told the annual meeting.

In addition, drilling will start in January at the company's Mount Monger gold prospect near Kalgoorlie, Western Australia.

* * *

Australia's **Endeavour Resources**, part of the **Bond Corporation** group, plans to spend the year to next June re-establishing itself as a major exploration company, mainly for oil, gas, gold and tin.

Sir Lenox Hewitt, chairman, said in his latest annual statement that the company's interests although fewer in number, offer good opportunities for commercial returns.

During the past year, Endeavour sold its coal and diamond interests to Bond Corporation in order to clear debts which were costing the company A$13.7m (£8.6m) a year in interest alone.

* * *

Nippon Mining of Japan plans further reductions in copper production from January because of a shortage of supplies of imported concentrates and ore. The shortage stems from the failure of negotiations for supplies from Latin America, according to news agency reports.

Other Japanese smelters are believed to be considering *similar action. Japan produces* an average of about 85,000 tonnes of copper a month.

Nippon Mining has already reduced its output from 23,000 tonnes a month to 21,000 tonnes in the face of poor domestic and export demand, and the latest cuts will see production fall to 19,000 tonnes.

* * *

Gold production from **Teck Corporation's** operations at Hemlo in north-western Ontario should start in 1985, the group says.

Tin outputs continue to decline

THE GRADUAL decline in tin production from Malaysia in line with production controls imposed under the sixth International Tin Agreement is reflected in the latest monthly figures from the Gopeng group.

Gopeng Consolidated, the leading company, saw its output of concentrates for the month of November fall to 121 tonnes from 139¼ tonnes in October.

This brings the cumulative total for the first two months of Gopeng's financial year to 260¼ tonnes, compared with 312 tonnes at the same stage of last year.

The comparatively new **Mambang Di-Awan** operation again fared *badly during the last* month, with output of 8½ tonnes after just seven days' of operation owing to the restrictions.

Allders, formerly the UDS Group, has completed the sale of its 50 per cent interest *in* Möbel Hübner, furniture store *operator in West Berlin, for* DM 17.5m (£4.4m). Purchaser was Herr A. Turklitz, whose family already manages the business and owns the remainder of the shares.

* * *

W. E. Norton (Holdings) has agreed to acquire the issued share capital, and to be issued, of **Maximum Protection**, a company based in Liverpool, engaged in installation, rental and maintenance of intruder alarm installations and other security equipment. The total consideration amounts to £175,000.

by issue to the vendors of 656,250 new ordinary shares in Norton which the vendors have undertaken to retain for a minimum period of six months, and a cash payment of £43,750.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday December 6 1983

ØØ

Record tea crop set to boost Kenyan economy, Page 36

WALL STREET

Fears over Fed credit policies

EARLY FALLS on the New York stock market were reversed yesterday as fears of a tightening of official credit policies receded following comment from Mr Paul Volcker, chairman of the Federal Reserve board. The bond market, depressed during the first half of the session, recovered as Mr Volcker's comments circulated. Leading stocks followed suit to end with gains of around $1.

Earlier both bond and stock prices were unsettled by fears that the rapid recovery in the U.S. economy, indicated by the sharp fall in unemployment last month, might bring a tightening of Federal Reserve credit policies.

The Dow Jones industrial average, down 9 points at mid-session, closed a net 5.29 higher at 1,270.53. Turnover was below recent levels with 88.3m shares traded. Shares with losses totalled 875 and were balanced by shares with gains at 711.

Also disturbing credit markets was Friday's disclosure that the banks had again been obliged to borrow heavily from the Federal Reserve. This brought back market fears that the Fed might be tightening credit in the face of the rapid upturn in the economy.

A major feature in early trading was the weakness of Standard Oil (Ohio) and its partners in the Mukluk exploration project, off Alaska. Sohio (controlled by BP) fell $2¼ to $43⅜ in heavy trading after disclosing that the prime exploration area is "probably water bearing." Sohio has a 31.4% interest in Mukluk.

Stock in BP, which also has a direct 7 per cent stake in the Mukluk venture, fell $1½ to $22⅞ on very thin turnover. Other Mukluk partners to lose ground were Shell, $½ off at $43½ and Mobil $¼ off at $28¼.

But Diamond Shamrock, with a 10.4 per cent stake in Mukluk, traded a net $3¼ lower at $20⅜ after making a delayed trading start, when a 1.3m share sale in the over-the-counter market drove the price down to $18.

Coleco, still attracting widespread publicity over the success of its Cabbage Patch Kids dolls added $½ to $23.

Chrysler had another busy session, gaining $1 to $29. General Motors, out of favour last week, put on $1¼ to $74¼

Consumer stocks, alerted to market nervousness about interest rates, shaded lower. Sears rallied to close unchanged at $40½ and Toys R Us lost $⅛ to $38⅝.

Bank stocks turned dull as investors weighed the implications for profits of any tightening in short-term rates. At $45⅝, Chase Manhattan lost $⅜, while Citicorp shaded by $¼ to $35¼.

Credit markets were subdued from the outset by a batch of forecasts of interest rate trends by analysts at major brokerage houses. The consensus was that the U.S. economy is ending 1983 "with a bang" which could endanger the brief downturn in rates widely expected in the first half of next year.

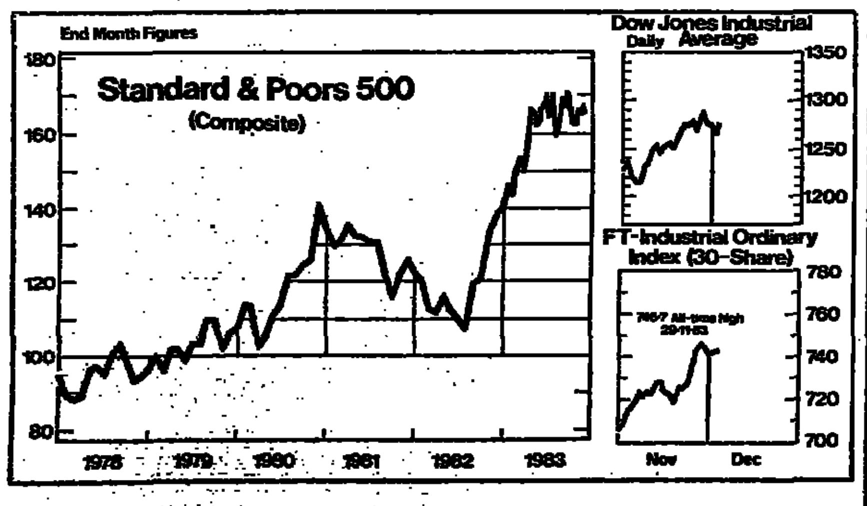
Retail interest remained very thin but there was a sharp markdown in bond prices at the longer end reflecting a general inclination to keep credit maturities short.

The Federal funds rate opened firmly at 9½ per cent to the accompaniment of predictions that it will rise to 9.8 per cent next year.

However, at mid-morning the Federal Reserve announced $1.5bn in customer repurchase arrangements and the funds rate held steady.

The key long bond edged above its initial low of 101 9/32 to close at 101 18/32, a net 1/32 gain on Friday's close. Three-month Treasury bill discounts jumped several basis points to 8.92 per cent and the six-month to 9.11 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 5	Previous	Year ago
NEW YORK			
DJ Industrials	1270.53	1265.24	1031.30
DJ Transport	605.38	605.29	445.37
DJ Utilities	134.30	134.87	116.74
S&P Composite	165.76	165.44	138.69
LONDON			
FT Ind Ord	742.00	741.30	599.50
FT-A All-share	459.51	459.98	381.77
FT-A 500	491.08	492.79	422.65
FT-A Ind	452.25	451.57	397.62
FT Gold mines	579.50	580.60	497.70
FT Govt secs	82.98	83.18	80.20
TOKYO			
Nikkei-Dow	9445.13	9379.85	7991.65
Tokyo SE	698.81	692.94	584.37
AUSTRALIA			
All Ord.	737.70	736.90	490.70
Metals & Mins.	548.80	544.80	420.00
AUSTRIA			
Credit Aktien	54.48	54.15	47.87
BELGIUM			
Belgian SE	129.18	128.99	97.47
CANADA			
Toronto Composite	2540.20	2550.20	1862.40
Montreal Industrials	450.66	453.28	317.05
Combined	430.28	432.76	311.14
DENMARK			
Copenhagen SE	198.43	198.59	89.69
FRANCE			
CAC Gen	149.90	149.60	102.90
Ind. Tendance	160.50	161.00	123.90
WEST GERMANY			
FAZ-Aktien	346.27	348.30	246.09
Commerzbank	1026.80	1031.30	744.40
HONG KONG			
Hang Seng	863.20	855.74	698.62
ITALY			
Banca Comm.	189.29	190.02	169.01
NETHERLANDS			
ANP-CBS Gen	147.10	146.90	99.80
ANP-CBS Ind	118.70	118.70	82.80
NORWAY			
Oslo SE	205.37	207.05	97.27
SINGAPORE			
Straits Times	926.98	930.55	731.43
SOUTH AFRICA			
Golds	853.90	850.40	836.60
Industrials	906.80	906.60	736.70
SPAIN			
Madrid SE	closed	124.95	102.37
SWEDEN			
J & P	n/a	1526.83	851.06
SWITZERLAND			
Swiss Bank Ind	372.80	368.70	276.90
WORLD	Dec 2	Prev	Yr ago
Capital Int'l	181.50	182.00	151.10

GOLD (per ounce)

	Dec 5	Prev
London	$397.375	$398.375
Frankfurt	$397.25	$400.75
Zürich	$397.875	$399.125
Paris (fixing)	$400.96	$401.77
Luxembourg (fixing)	$403.50	$404.00
New York (Dec)	$399.00	$398.70

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Dec 5	U.S. DOLLAR Previous	STERLING Dec 5	STERLING Previous
$	–	–	1.4455	1.4565
DM	2.7435	2.713	3.975	3.955
Yen	235.05	233.5	340.75	340.25
FFr	8.3175	8.245	12.04	12.005
SwFr	2.1885	2.174	3.1725	3.1675
Guilder	3.0675	3.038	4.445	4.4275
Lira	1658.5	1641	2398.75	2389.5
BFr	55.55	55	80.45	80.1
C$	1.24575	1.24425	1.8025	1.812

INTEREST RATES

	Dec 5	Prev
Euro-currencies (offered rate)		
£	9⅝	9 9/16
SwFr	4 5/16	4 1/16
DM	6⅜	6¼
FFr	13 7/16	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9 15/16
6-month U.S.$	10⅛	10 1/16
U.S. Fed Funds	9½	9 5/16
U.S. 3-month CDs	9.55	n/a
U.S. 3-month T-bills	8.92	8.94

U.S BONDS

Treasury	Dec 5 Price	Dec 5 Yield	Prev Price	Prev Yield
10½ 1985	99 11/32	10.71	99 14/32	10.75
11⅛ 1990	99 6/32	11.68	99 5/32	11.69
11.75 1993	100 3/32	11.72	100 1/32	11.74
12 2013	101 23/32	11.78	101 17/32	11.81
Corporate				
AT & T				
10⅜ June 1990	93¾*	11.90*	93⅝	11.80
3⅞ July 1990	67½*	10.95*	67⅞	10.85
8⅜ May 2000	76*	12.15*	76¼	12.10
Xerox				
10⅝ March 1993	91⅞*	12.10*	92⅛	12.05
Diamond Shamrock				
10⅝ May 1993	90⅝*	12.40*	90½	12.35
Federated Dept Stores				
10⅞ May 2013	86.417*	12.35*	87⅛	12.25
Abbot Lab				
11.80 Feb 2013	95.647*	12.35*	96.40	12.25
Alcoa				
12¼ Dec 2012	95.085*	12.90*	96.18	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
December	70–29	70–29	70–16	70–27
U.S. Treasury Bills (IMM)				
$1m points of 100%				
December	91.03	91.04	90.94	90.99
Certificates of Deposit (IMM)				
$1m points of 100%				
December	90.53	90.53	90.40	90.50
LONDON				
Three-month Eurodollar				
$1m points of 100%				
December	90.28	90.28	90.24	90.31
20-year Notional Gilt				
£50,000 32nds of 100%				
December	108–29	109–10	108–27	109–17

COMMODITIES

(London)	Dec. 5	Prev
Silver (spot fixing)	665.40p	667.25p
Copper (cash)	£991.50	£997.50
Coffee (Jan)	£1965.50	£1925.50
Oil (spot Arabian light)	$28.30	$28.30

LONDON

BP's dry well is a dampener

A DRILLING setback in Alaska for British Petroleum's U.S. offshoot, Sohio, undermined its London share price in the face of sustained selling pressure, to close 24p down at 392p, and proved a sufficient dampener to clip 1.3 off the FT Industrial Ordinary index which finished the day a net 0.7 higher at 742.0.

Fears of more expensive U.S. money and a lower sterling exchange rate against the dollar discouraged gilt-edged investment. Longs gave up about ½, while shorts were less affected and closed about ⅛ easier.

Following Friday's undersubscription, Cable and Wireless 100p paid shares made their expected sorry debut. Sporadic selling brought a 4p discount before closing at 98p.

Eagle Star at 702p and BAT at 157p both gained 4p as investors awaited Allianz's new bid offer and the outcome of its meeting with the Eagle Star board on Thursday.

Details, Page 31; Share information service, Pages 32-33.

AUSTRALIA

A LATE RALLY in resource stocks gave a boost to the Sydney market which had been easier for most of the session and shares ended mixed.

The Carlton and United Breweries takeover battle continued to dominate trading with 14.28m CUB shares, worth about A$54m, changing hands in Sydney and Melbourne. CUB ended 5 cents easier at A$3.75 in Sydney and 2 cents off at A$3.78 in Melbourne.

Elders IXL, which announced a full takeover bid on Sunday, to counter Industrial Equity's partial takeover, suffered falls. Elders dropped 20 cents to A$4.10 with investors concerned about the dilution in earnings per share if its counter-bid succeeded.

HONG KONG

ACTIVITY was dominated in Hong Kong by trading in companies with property interests following Saturday's announcement that the Government had received an offer for a 6,200 square metre site in the central district.

Turnover improved and the Hang Seng index added 7.46 to 863.20.

Cheung Kong rose 15 cents to HK$7.05, Hutchison Whampoa 30 cents to HK$14 and Swire Pacific "A" 20 cents to HK$14.60. Hongkong Land rose 5 cents to HK$2.87 and Jardine Matheson 10 cents to HK$11.10.

SINGAPORE

CONCERN over the continuing constitutional crisis in Malaysia kept turnover light in Singapore and the Straits Times industrial index eased 3.57 to 926.98.

Rothmans Industries was the most active stock and it added 4 cents to S$2.52. However, Jurong Cement dropped 22 cents to S$3.88, while 10 cent declines were recorded by National Iron to S$ 5.90, Pan Malaysia Cement to S$6, and Paramount Corporation to S$2.71.

SOUTH AFRICA

GOLD was the common denominator of several developments in Johannesburg yesterday.

Most gold shares traded firmer with heavyweight producers gaining about R1, while Buffels added R3 to R65.50. Lightweight issues improved by up to 10 cents and other minings were narrowly mixed where traded.

Elsewhere, international krugerrand sales fell to 351,719 ounces in November from the 378,693 ounces in October, but were still way ahead of last November's level of 262,462 ounces.

Meanwhile, the shares of Gold Fields and two of its mines, Dreifontein and Kloof, will be listed on the Zurich, Basle and Geneva stock exchanges.

CANADA

SHARES turned slightly easier in busy trading in Toronto with losses led by the utilities and industrial products sectors. The main gains were seen in property and transport issues.

Montreal was also lower overall with banks the only sector to show any strength.

TOKYO

Blue chip issues back in demand

THE ADVANCE seen in major stock exchanges last week carried over into Tokyo yesterday, with investors seeking high-priced blue chip issues, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average of 225 issues gained 38.63 points to 9,445.13, scoring the fifth straight daily increase. But volume shrank from 357.11m shares in the previous session to 241.29m. Advances outpaced declines 341 to 324, with 162 shares unchanged.

In addition to the worldwide rise, Hitachi's recovery was also behind yesterday's stock price increase.

Hitachi had been under small-lot selling pressure, hindering the advance of blue chips in general, with investors uneasy about the undisclosed details of its settlement of the industrial espionage case involving IBM. But since the Japanese company announced part of its agreement with IBM last week, investors started to buy the stock in small lots.

The issue scored a Y24 gain temporarily yesterday, finishing the day at Y838, up Y20. Hitachi thus registered its fourth consecutive advance since the turn of the month, apparently providing a bright tone for the market.

Among other blue chips, high-priced issues with good business performance drew buy orders. TDK added Y210 to Y5,210 while Pioneer and Fuji Photo gained Y40 each to Y3,290 and Y2,020 respectively.

NEC added Y20 to Y1,370, Fujitsu Y30 to Y1,280, Matsushita Electric Industrial Y20 to Y1,850, Toyota Motor Y40 to Y1,420, Canon Y40 to Y1,530 and Ricoh Y50 to Y1,140.

By contrast, speculative leaders, which had been sought last week, dropped sharply. Codo Shusei temporarily suffered a Y100 decline, the issue's maximum allowable drop for a single day, before closing at Y585, down Y98. Nissan Nohrin shed Y34 to Y326.

The move into blue chips with good business showing resulted from a switching out of speculative stocks and not much additional money flowed into the market. Stock prices soared on small-lot buying amid few sell offers, as attested by the smaller trade volume.

On the bond market, prices eased, reflecting an increase in U.S. money supply and the yen's depreciation against the dollar.

City banks continued to refrain from sell offers, while some city and regional banks placed buy orders. However, as small securities houses sold bonds in limited quantities, prices dipped a little.

The yield on the barometer 7.5 per cent government bonds maturing in January 1993 finished the day at 7.555 per cent, unchanged from last weekend, after peaking at 7.56 per cent.

EUROPE

Amsterdam ahead as strikes end

CONFIDENCE that the seven weeks of Dutch public sector strikes are now at an end provided a spur to domestic investors, which helped **Amsterdam** to another record high.

The impetus was also provided by the strength of the dollar, which boosted foreign demand, in particular for international issues.

The ANP-CBS general index added 0.2 to the previous record, set on Friday, to end at 147.1.

Among internationals, Unilever firmed Fl 1.70 to Fl 249.70, while KLM shook off a lower opening to add 30 cents to Fl 183.30.

Insurers rose sharply in late trading following Aegon's announcement that net consolidated profit rose nearly 17 per cent in the first nine months

Aegon added Fl 5.70 to Fl 105.20 while Amev rose Fl 1 to Fl 157.

State loans were unchanged to slightly lower.

Another record breaking performance was seen in **Stockholm** where the Affarsvarlden index advanced 2.9 to a peak of 456.8.

Ericsson added SKr 14 to SKr 440 with the rise attributed to renewed U.S. interest in high-technology shares.

Swedish Match shares were suspended following the diversified industrial group's announcement that it had signed a letter of intent to exchange most of its property interests for a 19 per cent stake in the Stockholm-based Hufvudstaden.

The firmer tone was also a feature of **Zurich** as heavy domestic and foreign demand for banks and blue chips continued to boost the market.

The banks opened sharply higher but later eased with the onset of some profit-taking.

The Swiss bond market closed barely changed in quiet trading.

The strength of the dollar, which was at a 10-year high in **Frankfurt** kept investors away from the bourse and shares eased in a thin and featureless market.

Allianz, which plans to increase its bid for the UK insurance group, Eagle Star, fell DM 7 to DM 858.

Public authority bonds posted losses of up to 30 basis points and the Bundesbank bought DM 21m worth of paper after selling DM 6.4m worth on Friday.

Shares ended mixed to higher in **Brussels** with prices supported by traders taking advantage of tax concessions available on new shares bought before the end of the year.

A ¼ point fall in French call money to 12½ per cent had no impact on the **Paris** market, which turned easier in moderate trading – taking its lead from Wall Street's pre-weekend performance.

A round of late selling left **Milan** lower with leading insurance and holding companies hardest hit.

Meanwhile, in **Oslo** proposals for changes in the law regulating the stock exchange and making insider trading more difficult have been put forward by the Government.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls. 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	8½	AAR	.44	3.1	18	29	14	13½	14	+¼
52⅞	28½	ACF	1.40	2.8	242	128	50¼	50⅛	50¼	+¼
18⅞	14¼	AMF	.50	3.3		633	15⅝	15⅜	15¼	-⅛
38⅞	18½	AMR Cp			16	3474	36⅞	36	36¼	+⅛
19½	15	AMR	pf2.18	11.		11	19⅝	19¼	19¼	-⅛
40¾	24⅞	AMR	pf2.13	5.6		7	37¾	37¼	37¼	-¼
18¾	3⅞	APL			23	90	15	14½	15	+¼
55¼	32½	ARA	2.05	3.8	12	758	54¼	53½	53⅞	-⅝
79⅞	50¾	ASA	3a	5.3		306	56⅞	56⅛	56⅝	
33¾	14	AVX	s .32	1.2	42	506	27¼	27½	27¼	+½
53⅞	36⅞	AbtLab	1	2.3	16	1676	43⅝	43⅛	43¼	+¼
30⅞	23¼	AccoW	n .60	2.2	20	4	27	27	27	
27½	16¾	AcmeC	.40	1.5		48	26⅞	26	26¼	+½
14⅞	7⅞	AcmeE	.32b	2.6	25	78	12⅞	12¼	12½	
24⅝	8¼	AdmDg	.04	.2	16	67	21	20⅞	20⅝	-⅛
18⅞	15	AdaEx	1.73e	9.4		69	18⅞	18⅛	18⅞	+⅛
19¾	7¼	AdmMl	.24	1.5	8	15	15¼	15½	15⅝	+⅛
18⅞	8⅞	Advest	.12	.9	8	88	13	12⅞	12⅞	
35½	11⅞	AMD	s		57	1243	33⅞	32⅞	33⅞	-⅛
24⅝	12⅝	Aeroflx	s		16	93	15⅝	15⅜	15⅝	+⅛
43½	32⅞	AetnLf	2.64	7.2	9	1191	36⅞	36¼	36⅝	+⅛
40½	22½	Ahmns	1.20	4.1	8	563	30¼	29	29⅞	-⅞
7⅞	2⅛	Aileen				90	4⅝	4½	4½	-⅛
51	31	AirPrd	1	2.2	13	315	46½	45⅝	45⅝	-1⅛
30⅞	13⅝	AirbFrt	.60	2.0	24	40	29½	29	29½	+⅛
2½	1½	AlMoa	s		22	261	2½	2⅜	2⅜	-⅛
33½	28½	AlaP	pfA3.92	13.		3	30	29¾	29¾	-½

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls. 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	8¼	AAV	.32	1.9	12	4	16½	16⅜	16½	+⅛
4¼	2⅝	AlCPh				2	2⅝	2¾	2¾	
6⅞	1⅝	ATI				61	1⅞	1⅝	1⅞	
12⅞	2¾	AcmePr			10	21	7	6½	7	+¼
19⅝	12	AcmU	s.32	2.0	17	11	16¼	16	16	-¼
14½	4⅞	Action	n		9	154	12¼	11⅞	12	+⅛
12	6⅞	Actonx	.11	1.3	25	38	7½	7⅜	7½	+⅛
6½	1½	Actn	wt			17	3¾	3¼	3¼	-⅛
8	1⅞	AdmRs				28	3⅞	3⅝	3⅝	
⅛	1-32	AdmR	rt			194	1-16	1-32	1-16	+1-32
30⅞	17¼	AdRusl	s.10	.4	15	25	23¼	23⅛	23⅛	+⅜
28⅞	14¼	Adobe	.24	1.3	13	131	19⅛	18⅝	18⅝	-⅝
5¼	2¾	AeglsCp			13	180	3⅞	3⅝	3⅞	-⅛
7	4	Aeronca			7	36	5½	5¼	5⅜	+⅛
45	24¼	AfilPb	s.64	1.6	15	18	39	38⅞	39	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls. 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16¾	4½	Vendo				76	5⅝	5⅜	5⅝	
11	9⅞	VestSe	1.20	12		56	10⅛	10	10⅛	
40½	26⅛	Viacom	.35	1.1	20	71	33¼	32⅛	33⅛	
51½	34¼	Vicm	pf2.10	5.1		11	42	41	41	-¼
74½	65	VaEP	pf8.84	13.		z490	66	65½	66	
81	71	VaEP	pf9.75	13		z1200	75	74	75	-2½
25	22	VaEP	pfC.90	13		15	22½	22½	22½	-¼
65½	57	VaE	pfJ7.72	13		121	60½	59½	59½	-½
65	53	VaEP	pf7.20	13		z180	55	55	55	+⅞

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 29

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Dec 5	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1270.53	1285.24	1276.1	1276.02	1287.2	1269.82	1287.2 (29/11)	174.38 (11/8)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	605.38	605.29	607.72	605.47	611.08	603.79	612.57 (22/11)	434.24 (3/1)	612.57 (22/11/83)	12.23 (8/7/32)
Utilities	134.3	134.87	135.6	136.22	136.98	136.8	149.7 (31/1)	119.46 (3/1)	163.32 (20/4/69)	10.65 (28/4/42)
Trading vol 1000's†	8833	9356	10697	12000	10045	7821	–	-	-	-

	Dec 2	Nov 25	Nov 18	(Year Ago Approx)
Ind div yield %	4.46	4.48	4.48	5.36

STANDARD AND POORS

	Dec 5	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	186.71	186.21	187.33	187.18	188.8	187.38	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	165.76	165.44	166.40	166.4	167.91	166.54	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Nov 30	Nov 23	Nov 16	Year Ago (Approx)
Ind div yield %	3.72	3.87	3.97	4.59
Ind. P/E Ratio	14.43	14.45	14.37	10.66
Long Gov Bond Yield	11.40	11.49	11.61	10.63

N.Y.S.E ALL COMMON

Dec 5	Dec 2	Dec 1	Nov 30	1983 High	1983 Low
–	–	–	–	442.62 (10/5)	79.79 (21/1)

RISES AND FALLS

	Dec 5	Dec 2	Dec 1
Issues traded	2014	2012	1989
Rises	687	604	744
Falls	916	990	836
Unchanged	411	418	406

MONTREAL	Dec 5	Dec 2	Dec 1	Nov 30	1983 High	1983 Low
Industrials	458.56	453.28	456.83	452.86	483.88(5/9)	329.12(4/1)
Combined	430.28	432.76	435.12	430.99	441.29(26/9)	319.4(5/5)
TORONTO Composite	2540.2	2558.2	2567.9	2548.8	2598.2(26/9)	1948.8(4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Dec. 5	Dec. 2	Dec. 1	Nov. 30	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	757.7	[illegible]	745.5	744.7	745.4 (29/11)	487.8 (4/1)
Metals & Minls. (1/1/80)	549.8	544.8	557.6	552.9	614.2 (5/9)	411.8 (4/1)
AUSTRIA Credit Aktien(2/1/62)	54.48	54.15	54.31	55.55	58.8 (5/5)	48.48 (15/2)
BELGIUM Belgian SE (31/12/63)	128.19	128.98	129.17	129.76	134.45 (1/8)	100.58 (4/1)
DENMARK Copenhagen SE (3/1/83)	(u)	[illegible]	[illegible]	[illegible]	204.22 (13/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	149.9	149.6	148.9	149.4	150.7 (28/11)	99.1 (3/1)
Ind Tendance (31/12/82)	160.5	161.8	159.6	160.5	161.4 (28/11)	99.8 (5/1)
GERMANY FAZ-Aktien (31/12/58)	346.27	349.3	346.50	347.68	349.3 (2/12)	241.89 (25/1)
Commerzbank(Dec1953)	1026.8	1031.3	1028.6	1029.8	1031.3 (2/12)	727.3 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	863.29	856.74	849.79	852.90	1102.64 (21/7)	690.86 (4/10)
ITALY Banca Comm Ital. (1972)	189.29	190.62	190.19	190.38	214.88 (21/3)	160.45 (10/1)
JAPAN** Nikkei-Dow (16/5/49)	9446.15	9379.86	9338.89	9320.24	9603.25 (12/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	698.81	692.94	689.21	687.84	699.68 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	147.1	146.9	145.5	145.9	147.1 (6/12)	100.1 (4/1)
ANP-CBS Indust (1970)	118.7	118.7	118.5	118.2	118.7 (2/12)	86.5 (4/1)
NORWAY Oslo SE (4/1/83)	205.37	207.96	208.38	206.50	217.80 (10/10)	99.01 (4/1)
SINGAPORE Straits Times (1966)	926.98	950.55	930.19	941.10	992.62 (28/6)	772.99 (6/1)
SOUTH AFRICA Gold (1958)	(u)	858.4	826.4	845.6	1099.5 (1/2)	661.4 (1/11)
Industrial (1958)	(u)	996.6	999.5	997.6	988.7 (28/6)	794.2 (5/1)
SPAIN Madrid SE (31/12/82)	(c)	124.86	124.88	125.03	129.14 (16/11)	96.52 (11/1)
SWEDEN Jacobson & P. (1/1/58)	(u)	1526.85	1516.19	1508.86	1529.85(2/12)	898.18 (5/1)
SWITZERLAND SwissBankCpn. (31/12/58)	372.8	369.7	365.7	366.1	372.8(5/12)	294.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	181.5	182.0	180.1	185.9 (10/10)	154.5 (5/1)

(**) Saturday Dec. 3: Japan Nikkei-Dow 9406.50. TSE 695.09.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders show resilience but Alaska dry well reports cause BP to dip sharply

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 29	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading shares overcame several obstacles yesterday and put on a resilient performance overall despite a reduced level of trade. Interest was largely confined to situation stocks or those in the news and none more so than oil major British Petroleum; the shares came under sustained selling pressure on reports, later confirmed, of a drilling setback in Alaska.

BP's U.S. offshoot Sohio is exploring four possible productive offshore zones of the giant Mukluk structure and first reports indicate a dry well. The importance of this was immediately recognised and BP shares weakened in heavy trading to close 24 down at 392p: the partly-paid shares also tumbled to end 26 lower at 162p.

Following Friday's undersubscription, Cable and Wireless 100p-paid shares made their expected sorry debut. Sporadic selling from disappointed underwriters took the price down to 96p before a rally to 98p; Cable and Wireless old shares rallied after last week's drop of 25, but only by 3 to 273p.

Insurances waited patiently for Allianz to counter BAT Industries' increased offer for Eagle Star but Allianz's request for a get-together with the Eagle board to discuss terms and other matters tended to confuse. Allianz stated that it will raise its bid in any event but investors became cautious and decided to await the outcome of the meeting, scheduled for Thursday. Eagle Star settled 4 up at 702p with BAT similarly dearer at 157p.

With the exceptions of current U.S. favourites ICI and Glaxo, equity leaders attempted to improve. The FT Industrial Ordinary share index was two points higher at 11.00 am, but it eased thereafter to close only 0.7 up on balance at 742.0. The fall in BP took about 1.3 off the index.

A none-too-encouraging weekend Press, the possibility of dearer U.S. money and a lower sterling exchange rate against the dollar thwarted Gilt-edged investment. Small sales met an unreceptive market and, in thin trading, longer-dated stocks gave up around ½, some occasionally more. The shorts were less affected and closed around ¼ easier.

Clearers quietly firm

Further suggestions that profit estimates were being upgraded in the wake of Royal Bank of Scotland's impressive preliminary figures helped the major clearing banks to take last Friday's useful gains a stage further. Barclays, 508p, and NatWest, 648p, both rose 8, while Midland and Lloyds firmed 5 apiece to 440p and 548p respectively. Among Hire Purchases, buying in front of today's interim results lifted United Leasing 8 to 208p.

Although the Eagle Star bid situation continued to dominate proceedings in the Insurance sector, other Composites were not altogether neglected; Royals managed a fresh gain of 7 to 525p, while Commercial Union hardened a couple of pence to 181p.

Worries that Aspinall shares might be withdrawn from the Unlisted Securities Market in the event of the company making a full bid for Anglo Scottish Investment Trust induced fresh selling of the former which shed 8 to 135p; the shares, offered for sale three weeks ago at 115p, have been as high as 176p. Anglo Scottish eased 4 to 136p.

Proceedings in a lacklustre Brewery sector were somewhat enlivened by Merrydown Wine which revealed substantially increased mid-term profits and a maiden interim dividend and rose 10 to 400p. Fellow cider maker H. P. Bulmer, first-half results expected during the next Account, added 5 at 270p in sympathy.

Buildings began the second leg of the Account in subdued fashion and the leaders closed with irregular movements. Burnett and Hallamshire, 10 up at 163p, continued to rally while UBM improved 4 to 118½p. Brownlee firmed 2 to 64p following the impressive interim results, while Phoenix Timber improved the same amount to 84p following Press comment.

After Friday's gain of 22 on U.S. buying, ICI came back 8 to 642p in the absence of fresh support. Elsewhere in the Chemical sector, Laporte attracted renewed investment buying and firmed 8 to 322p, but Amersham International remained friendless and lost 2 to a low for the year of 208p.

Habitat dull again

Activity among leading Retailers remained disappointingly low with only W. H. Smith "A," 4 up at 140p, and British Home, a couple of pence dearer at 230p, making any notable headway. Habitat Mothercare were again friendless in the wake of last week's disappointing interim statement and shed 10 more to 262p. Similar conditions prevailed among secondary issues. Favourable Press comment lifted Vantona Viyella 6 to 167p and Northern Goldsmiths 2 to 202p, after 206p, but "take profits" advice clipped a few pence from Harris Queensway, 292p. Time Products continued to respond to call option activity and touched a 1983 peak of 24½p before closing only a net penny to the good at 23½p. Alfred Preedy eased 4 to 79p following the first-half loss, while profit-taking left Steinberg 5 cheaper at 128p.

Weekend comment on the company's recently-announced IBM contract directed fresh attention to AB Electronic which advanced ¾ more to £10. Sound Diffusion, also reflecting Press mention, advanced 6 to 144p, after 147p, while satisfactory half-year results and an encouraging statement left FKI 1½ dearer at 20p. Other bright spots in secondary Electricals included Suter, 5 higher at 82p, Wholesale Fittings, 8 to the good at 253p, and Dubilier, 6 up at 154p, the last-named following the preliminary figures. A weekend Press suggestion of secret documents revealing serious threats to ICL's recovery programme left the share price 4 lower at 51p; ICL denied the report yesterday afternoon.

Secondary Engineers recorded occasional features. Wagon Industrial responded to the interim results and encouraging statement with a rise of 7 to 102p, while weekend Press mention prompted a gain of 8 to 130p in Williams Holdings. In contrast, Birmingham Mint fell 5 to 177p on the fall in half-year profits, while fading bid hopes left Spear and Jackson 10 down at 136p.

Leading Foods moved narrowly, but Ranks Hovis McDougall firmed 1½ to 7p awaiting today's preliminary results; analysts expect profits of around £41m compared with last years £34m. Favourable Press comment directed attention towards fresh-fruit distributors Albert Fisher, which touched 68p before closing 2 dearer at 66p. Newspaper comment was also good for a gain of 4 to 37p in soft-drink concern Somprotex. Dee Corporation were again prominent in Food Retailers, rising 6 to a 1983 peak of 374p. Lennons shed a couple of pence at 40p awaiting tomorrow's half-timer.

Uncertainty about the outcome of Selfpost's 340p per share agreed offer for the company unsettled De Vere Hotels, which relinquished 25 to 315p.

Pilkington improve

The miscellaneous industrial leaders were inclined firmer in quiet trading. Pilkington, awaiting tomorrow's interim figures, improved 7 to 257p, while BOC, due to report preliminary results on Thursday, hardened a couple of pence to 244p. Bowater touched a peak for the year of 249p in an early flurry of buying activity before settling 5 dearer on balance at 243p. Against the trend, Glaxo gave up 15 to 745p. Elsewhere, British Aerospace were supported and put on 10 to 213p. Favourable weekend Press mention brought Sharna Ware to prominence with a jump of 12 to 88p.

Vinten Group, reflecting the interim results and final dividend forecast, put on 11 to 263p, while UKO International, also an satisfactory half-year results, gained 4 to 90p. Adverse comment left Moben 3 cheaper at 21p, but Erskine House improved 3 to 101p following the interim figures and acquisition news. Revived speculative demand left Wolverhampton Steam Laundry 7 to the good at 130p. Low and Bonar edged up 4 to 132p on the sale of the 50 per cent interest in Bonar Long NTC (Pty), while newspaper comment left Rank Organisation similarly better at 186p. News of the counter-bid for Carlton and United Breweries from Elders-IXL left the latter 22 lower at 258p.

The prospect of a rescue bid from a consortium headed by former director Mr John Simon stimulated sporadic support of recently beleaguered Dunlop, which added a couple of pence at 48p, after 49p. H. Woodward encountered speculative interest and rose 6 to 63p.

Publishers generally finished on a firm note. Octopus attracted late support and advanced 14 to 466p, while gains of 10 were common to William Collins, 350p, and United Newspapers, 263p.

Elsewhere, McCorquodale responded to revived investment buying and rose 12 more to 282p: the preliminary results are due next Tuesday. An isolated dull spot was provided by Bemrose which fell 12 to 195p in belated reaction to last Friday's announcement that Bunzl, unchanged at 393p, had disposed of its 13.8 per cent stake.

Property shares continued to attract buyers and many issues achieved fresh highs for the year. Land Securities were again in demand and firmed 5 to 359p, while Hammerson A rose 10 to 790p. Haslemere Estates hardened 4 to 468p, while Capital and Counties, 164p, and Great Portland Estates, 146p, both added 2. Buyers returned for Rush Tompkins, 4 dearer at 202p, and M.P. Kent, the same amount to the good at 42p, the latter's gain reflecting favourable Press comment. Suggestions of a major U.S. property deal stimulated interest in Stewart Nairn, which firmed 3 to 48p, while country buying lifted York Mount 6 to 63p. On the other hand, disappointment with the half-year profits clipped a penny from Control Securities, 38p.

A favoured sector recently, Textiles paused for breath and generally traded without distinction. Atkins Brothers (Hosiery) firmed 3 at 86p following the increased interim profits, but Hicking Pentecost, up to 51p earlier, settled a net penny cheaper at 45p on consideration of the omitted interim dividend. Adverse comment clipped 3 from George Spencer at 26p. At the company's request, dealings in Ellenroad Mill were suspended at 28p pending an announcement.

A few pence firmer at the outset, Financials failed to attract follow-through support and closed with modest falls in places. Exco International, up to 603p earlier, finished 7 off on balance at 588p, while R.P. Martin shed 10 to 195p. Mercantile House, the subject of favourable comment over the weekend, rose 5 to 392p, after 397p. A Press mention was also responsible for increased support of M & G which advanced 13 more to 600p; the annual results are due on December 15.

Apart from the sharp shake-out in British Petroleum, Oil shares traded on an unsettled and dull note pending the outcome of this week's Opec meeting. Lasmo gave up 9 to 248p and Britoil closed 6 cheaper at 188p, while Tricentrol eased 4 to 178p. Shell, however, held steady at 360p. Wekend Press comment directed attention to the speculative Irish Oil stocks, buying interest being centred on Aran Energy which advanced 9 to 75p. Atlantic Resources were relatively active and put on 15 to 745p, while Bula improved 3 to 38p.

Golds mixed

Gold shares edged higher in early dealings yesterday in line with the firmer bullion price, which saw gold above the $400 per ounce level during the morning.

The fall in the metal price later in the day left most leading issues below their best levels, although several stocks managed to retain small advances. Movements were rarely above ½ in either direction, and the Gold Mines index gave up 1.1 to 579.5. Bullion was finally $1 lower at $397.375.

Declines of around ¼ were common to Southvaal at £37⅛, St Helena at £25½ and Western Holdings at £30, while Blyvoor gave up 14 to 998p, and Welkom 15 to 826p.

Buffels at £37½ and Hartebeest at £50½ both gained ¼, while Simmer and Jack advanced 50 to 375p and Consolidated Modderfontein 28 to 399p, the latter two having been neglected of late.

The gold-based South African Financials were also mixed, with "Johnnies" jumping a full point to £78 and Anglo American ⅛ higher at £12½, while "Amgold" gave up ¼ at £77. The improvement in the gold price in the morning lifted Consolidated Murchison 30 to 620p.

Platinums were all slightly higher at the close, with gains of 5 common to Impala at 915p, Lydenburg at 565p and Rustenburg at 775p.

London Financials all gained ground in early trading, but fell later. Gold Fields were finally 2 to the good at 525p, following the fall in bullion, and the downturn in copper prices hit Rio Tinto-Zinc which gave up 2 to 593p. Charter were boosted by favourable Press mention at the outset and moved several pence higher, but were finally unaltered on balance at 218p.

Australians were neglected in the absence of the rumoured revaluation of the currency, and were marked down in line with overnight domestic indications.

Worst hit were EZ Industries and Peko-Wallsend, where the revived anti-uranium lobby threatens the Ranger uranium mine. EZ gave up 10 to 365p and Peko were finally 16 lower at 392p.

The speculative gold stocks also suffered, notably Whim Creek, down 4 to 186p.

Despite the generally static conditions prevailing among the underlying securities, demand for Traded Option held up well and 2,673 contracts were struck. Much of the attention was directed towards British Petroleum, which attracted an active, evenly-balanced, business with 463 calls and 405 puts transacted; put premiums made sizeable gains, notably the January 390s which doubled to 12p, and the January 420s, 18 up at 32p. ICI and Courtaulds recorded 205 and 194 calls respectively, while GEC attracted 276 calls. Lasmo puts also made headway on nervousness in front of tomorrow's meeting of Opec Ministers, with the February 260s 8 better at 25p.

FINANCIAL TIMES STOCK INDICES

	Dec. 5	Dec. 2	Dec. 1	Nov. 30	Nov. 29	Nov. 28	year ago
Government Secs.	82.98	83.18	83.35	83.33	82.98	83.02	80.20
Fixed Interest	86.16	86.20	86.18	86.20	86.00	86.00	82.39
Industrial Ord.	742.0	741.3	741.1	746.1	746.7	743.9	599.5
Gold Mines	579.5	580.6	562.4	570.1	545.0	557.1	497.7
Ord. Div. Yield	4.69	4.68	4.68	4.65	4.65	4.66	4.95
Earnings, Yld.% (full)	9.66	9.63	9.64	9.56	9.48	9.49	10.64
P/E Ratio (net) (*)	12.62	12.66	12.65	12.75	12.88	12.86	11.26
Total bargains	20,045	19,915	19,825	20,760	20,468	21,732	26,382
Equity turnover £m.	—	243.87	236.11	229.00	216.50	237.70	183.02
Equity bargains	—	16,747	17,300	17,751	17,239	16,861	21,757
Shares traded (ml)	—	139.6	138.6	139.6	134.4	131.8	138.3

10 am 741.5. 11 am 743.3. Noon 742.6. 1 pm 742.3. 2pm 742.3. 3 pm 742.3.

Basis 100 Govt. Secs. 18/1/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=11.87.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.20 (30/11)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	746.7 (29/11)	598.4 (12/1)	746.7 (29/11/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 2	Dec. 1
—Daily		
Gilt Edged Bargains	171.8	164.0
Equities Bargains	108.8	112.1
Value	482.9	476.2
5-day Avrge		
Gilt-Edged Bargains	163.0	162.2
Equities Bargains	111.3	115.6
Value	469.8	496.2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Dec 5 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Dec 2 Index No.	Thur Dec 1 Index No.	Wed Nov 30 Index No.	Tues Nov 29 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (205)	456.98	+0.6	9.19	3.87	14.02	454.08	454.42	459.00	454.87	425.81
2	Building Materials (24)	447.55	+0.8	10.80	4.67	11.60	443.95	446.20	443.85	443.10	395.37
3	Contracting, Construction (29)	670.37	−0.5	14.02	5.35	8.90	673.91	676.94	677.17	673.71	723.71
4	Electricals (38)	1647.08	+0.6	8.11	2.33	16.06	1637.36	1637.98	1673.05	1648.01	1669.42
5	Engineering Contractors (10)	422.77	+0.3	13.90	6.57	9.12	421.66	421.58	422.71	420.34	464.87
6	Mechanical Engineering (59)	203.29	+1.1	11.84	5.52	10.42	201.15	200.82	201.80	199.39	197.23
8	Metals and Metal Forming (9)	167.68	+0.1	11.13	6.99	10.92	167.54	166.51	168.68	165.66	143.84
9	Motors (18)	119.70	+0.3	1.58	4.52	—	119.37	119.41	120.14	119.43	76.85
10	Other Industrial Materials (16)	560.99	+1.2	5.58	3.99	23.72	554.29	554.14	558.13	558.86	362.03
21	CONSUMER GROUP (198)	452.08	−0.1	10.55	4.40	11.60	452.66	454.26	456.83	457.52	408.15
22	Brewers and Distillers (23)	444.75	−0.6	12.90	5.19	9.67	447.38	451.86	452.94	454.76	434.03
25	Food Manufacturing (22)	358.97	+0.1	12.89	5.64	9.04	358.44	359.43	362.73	361.65	327.40
26	Food Retailing (13)	1043.67	−0.7	7.74	2.70	16.57	1051.03	1058.79	1063.29	1056.53	875.38
27	Health and Household Products (9)	736.17	−0.8	6.41	2.99	18.33	742.16	747.09	760.71	756.11	702.56
29	Leisure (25)	584.27	−0.3	8.70	4.65	14.84	586.23	587.12	588.26	588.16	456.83
32	Newspapers, Publishing (15)	1004.47	+0.7	8.65	4.74	13.88	997.27	992.85	985.28	977.28	598.27
33	Packaging and Paper (14)	209.11	+0.4	11.46	4.87	10.76	208.22	210.13	207.80	207.65	149.64
34	Stores (47)	417.41	−0.1	8.37	3.71	16.23	417.98	417.37	421.15	424.89	389.97
35	Textiles (20)	246.89	+0.7	12.20	4.81	9.49	245.22	242.43	241.95	243.87	173.32
36	Tobaccos (3)	464.18	+1.7	21.47	6.89	5.21	456.25	458.23	454.46	459.83	457.51
39	Other Consumer (9)	443.35	−0.5	6.01	4.72	—	445.48	446.66	446.78	446.68	394.90
41	OTHER GROUPS (84)	410.12	+0.1	8.08	4.23	15.57	409.86	409.52	418.46	409.81	284.49
42	Chemicals (16)	606.11	−0.6	7.46	4.17	17.56	610.02	594.24	598.82	586.54	380.14
44	Office Equipment (6)	111.88	+1.3	8.60	4.60	14.49	110.40	111.50	111.99	113.91	87.18
45	Shipping and Transport (14)	795.39	+0.2	7.98	5.18	16.93	793.68	794.15	785.38	785.06	517.53
46	Miscellaneous (48)	519.97	+0.6	8.67	4.05	13.85	516.86	520.72	535.52	533.93	397.49
49	INDUSTRIAL GROUP (485)	452.25	+0.2	9.72	4.21	12.83	451.57	452.46	455.41	454.20	397.62
51	Oils (15)	916.71	−2.9	12.28	6.50	9.89	943.99	943.55	946.04	951.65	780.42
59	500 SHARE INDEX	491.08	−0.3	10.12	4.57	12.25	492.79	493.56	496.47	495.84	422.65
61	FINANCIAL GROUP (123)	363.10	+0.7	—	5.32	—	360.47	357.40	354.84	356.16	268.85
62	Banks (6)	379.97	+1.2	22.77	6.74	4.76	375.47	369.78	365.08	364.21	291.11
63	Discount Houses (8)	336.12	+0.3	—	8.12	—	335.01	334.09	334.09	333.22	286.29
65	Insurance (Life) (9)	406.69	+0.5	—	4.62	—	404.42	401.92	403.71	402.75	356.75
66	Insurance (Composite) (10)	251.75	+1.3	—	6.10	—	248.58	246.22	246.04	247.17	174.04
67	Insurance Brokers (7)	614.24	+0.1	11.34	4.74	12.29	613.47	611.87	608.04	604.56	451.65
68	Merchant Banks (12)	217.51	−0.4	—	4.24	—	218.32	218.40	220.56	217.97	192.38
69	Property (53)	525.70	+0.8	3.71	3.69	23.39	521.74	516.73	515.51	515.38	401.83
70	Other Financial (18)	253.15	−0.5	10.86	5.35	11.10	254.33	254.26	257.75	254.88	187.96
71	Investment Trusts (108)	459.47	+0.4	—	3.87	—	457.87	457.35	458.77	456.07	347.32
81	Mining Finance (4)	284.79	−0.1	9.27	5.12	13.25	285.01	285.23	288.03	281.98	225.37
91	Overseas Traders (15)	483.53	+0.6	7.50	7.74	19.47	480.88	483.66	482.80	479.77	376.68
99	ALL-SHARE INDEX (750)	459.51	−0.1	—	4.71	—	459.98	459.83	461.07	460.89	383.77

FIXED INTEREST

	PRICE INDICES	Mon Dec 5	Day's change %	Fri Dec 2	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.71	−0.07	117.80	0.09	10.56
2	5-15 years	132.51	−0.36	133.35	0.36	12.40
3	Over 15 years	142.83	−0.40	143.40	—	12.54
4	Irredeemables	150.96	−0.63	151.92	—	13.57
5	All Stocks	130.73	−0.27	131.29	0.19	11.87
6	Debentures and Loans	107.84	+0.08	107.75	—	10.53
7	Preference	88.24	—	88.24	—	6.30

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 5	Fri Dec 2	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.45	9.46	8.68
2		15 years	9.95	9.88	10.36
3		25 years	9.71	9.65	10.42
4	Medium Coupons	5 years	11.00	10.96	11.27
5		15 years	10.66	10.59	11.36
6		25 years	10.10	10.06	10.98
7	High Coupons	5 years	11.12	11.08	11.31
8		15 years	10.82	10.75	11.55
9		25 years	10.21	10.18	11.11
10	Irredeemables†		9.72	9.66	10.49
11	Debs & Loans	5 years	11.43	11.49	12.20
12		15 years	11.48	11.49	12.22
13		25 years	11.53	11.49	12.25
14	Preference†		12.27	12.27	12.77

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

CONSTITUENT CHANGES: Moorside Trust (71) has been deleted and replaced by F & C Enterprise Trust (71).

NAME CHANGE: Lawrie Plantation Hldgs is now Lawrie Group.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✱ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (105)

BRITISH FUNDS (2)
CORPORATION LOANS (1)
LOANS (2)
AMERICANS (5)
BANKS (3)
BUILDINGS (2)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (6)
ENGINEERING (3)
FOODS (2)
INDUSTRIALS (14)
INSURANCE (3)
LEISURE (2)
MOTORS (1)
NEWSPAPERS (2)
PAPER (2)
PROPERTY (14)
TEXTILES (4)
TRUSTS (28)
OIL & GAS (3)
MINES (1)

NEW LOWS (7)

CORPORATION LOANS (1)
GLC 13¼pc 1984
CHEMICALS (1)
Amersham Int.
ELECTRICALS (1)
Telefusion
INDUSTRIALS (2)
Assoc. Brit. Eng. Moben
NEWSPAPERS (1)
Sharpe (W. N.)
OILS (1)
New Court Nat.

Low & Bonar

As part of its policy of restructuring its activities, Low & Bonar Group, the packaging, engineering, textiles and travel concern, is selling its 50 per cent interest in Bonar Long NTC (SA) to National Trading Company.

The consideration will amount to R8m (£4.6m). The transaction has the effect of strengthening Low & Bonar's UK resources and will be finalised in all respects not later than December 19, 1983.

In the year to November 30, 1982, Low & Bonar's share of Bonar Long NTC's pre-tax profits was £692,000 and its share of net assets at that date was £1.42m.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	82	13
Corpns., Dom. & Foreign Bonds	7	14	55
Industrials	297	227	873
Financial & Props.	146	54	323
Oils	26	26	64
Plantations	2	4	14
Mines	36	44	87
Others	49	60	68
Totals	571	511	1,497

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2
Jan 9	Jan 20	Apr 2	Apr 16

For rate indications see end of Share Information Service

Stocks favoured for the call included Bowater, ICL, De Beers Deferred, W. Canning, John Brown, Mersey Docks, Aran Energy, Atlantic Resources, W.E. Norton, British Benzol Carbonising, Dunlop, Rank Organisation, Bula, Inter-City, Management Agency and Music, Brunswick, Combined Technologies, Premier Oil, Celtic Haven, Beecham, Eglinton, Amstrad Consumer Electronics, London and Liverpool and Time Products. No puts were reported, but doubles were struck in Bowater, Cable and Wireless, Mersey Docks and Lofts.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	75	+ 9
Aspinall	135	− 8
Atlantic Res	745	+15
BAT Inds	157	+ 4
BP	392	−24
Driefontein Cons	£21⅞	− ⅛
Eagle Star	702	+ 4
Gold Fields SA	£14⅛	− ⅛
ICI	642	− 8
Kloof Gold	£31	+ ⅛
Land Securities	359	+ 5
Royal Insurance	525	+ 7

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's week
Glaxo	23	760	−10
ICI	22	650	+22
Cable & Wire	20	270	−18
Eagle Star	20	698	+ 8
A. B. Electronic	17	920	+85
Bula Res	13	35	+ 6
Bowater	11	238	− 1
British Printing	11	134	+ 2
Horizon Travel	11	145	+15
Sound Diff	11	138	− 4
Spear & Jcksn	11	141	+ 4
MEPC	10	269	+ 9
Nat West Bank	10	640	+ 7
Plessey	10	210	—

EUROPEAN OPTIONS EXCHANGE

[illegible]

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Dec. 5. Total Contracts 2,673. Calls 1,879. Puts 794

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

LOANS—continued

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	20	...	—	—	—
52	32	Allstate Expln NL	38	–2	—	—	—
40	9	♥Australis Mng. NL	27		—	—	—
25	11	Balmoral Resources	16	.....	—	—	—
60	34	♥Black Hill Mins.	41	...	—	—	—
87	51	♥Bond Corp	86	...	Q10c	♦	7.4
183	116	♥Bougainville 1 Kina	166	–2	mQ3.21	1.2	1.2
374	204	♥CRA 50c	366	–2	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	85	...	—	—	—
44	25	♥Central Kalgoorlie	44		—	—	—
43	18	♥Central Pacific	22	...	—	—	—
9	2¾	♥Cons. Gold Mng Areas	3¾	...	—	—	—
17	5	♥Coopers Res N.L.	9	...	—	—	—
255	183	♥Crusader Oil	204	...	—	—	—

Tins

Miscellaneous

750	312	♥Tara Expln $1	710	–5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¶¶ Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue. cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim. reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	.....	Fin. 13% 97/02	£97	.....
Bdg'wtr Est. 50p	305	.....	Alliance Gas	93	.....
Craig & Rose £1	£10½	.....	Arnott	208	.....
Finlay Pkg. 5p	41	–1	Carroll (P.J.)	101	.....
Higsons Brew.	87xd	.....	Concrete Prods.	80	.....
Holt (Jos) 25p	910	.....	Heiton (Hldgs.)	15	.....
I.O.M. Stm. £1	127	.....	Irish Ropes	35	.....
IRISH			Jacob	70	.....
Exch. 12% 1985	£99¼	.....	T.M.G.	85	.....
Nat 9¾% 84/89	£89½	.....	Unidare	78	.....

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	20	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	30
BOC Grp.	20	"Imps"	11		
B.S.R.	20	I.C.L.	7	**Property**	
Babcock	15	Ladbroke	22		
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	48	Land Sec.	28
Boots	16	"Lofs"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Sterling Guar.	4
Brown (J.)	3½	Mrks. & Spncr.	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadbury	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met.	30	Tesco	17		
G.U.S. 'A'	50	Thorn EMI	55	Charter Cons.	28
Guardian	45	Trusthouse	16	Cons. Gold	58
G.K.N.	16	Turner & Newall	7	Lonrho	9
Hawker Sidd.	28	Unilever	70	Rio T. Zinc	62

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Authorised Units—continued

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

Gilt & Fixed	116.3	120.9	−0.4	9.41
Growth Fq	103.2	111.0xd	+0.2	2.44
Guardhill	183.4	190.0	+0.2	3.35
Nth Amer	96.9	104.2	+0.5	1.71
Pacific	109.4	117.7	+0.7	0.36
Prop Shares	110.6	119.9	+1.3	1.95
Small Cos	113.4	122.0	+0.2	1.97

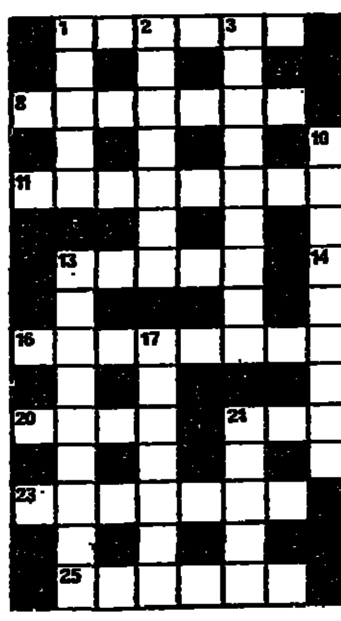
H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin. 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277-227300

Smllr Cos Tst	53.6	57.0	+0.1	5.20
Nth Amer	49.0	52.1xd	−0.2	3.0
Japan Far Tst	55.4	58.9xd	+0.2	0.78
Scandinvn Tst	49.5	54.0	+1.1	1.42

Offshore & Overseas—continued

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,286



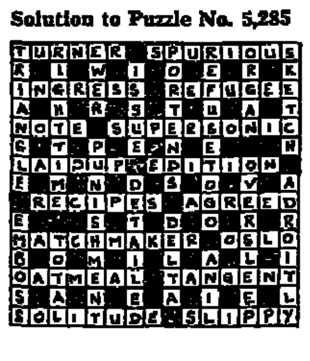
ACROSS

1 Comparatively relaxed prison (6)
4 Begin to steal with something of small value (6)
8 Watch the attendant escape (7)
9 Dog accompanying a hill warden (7)
11 The coloured pickle-fly (10)
12 Precise location on Mediterranean coast (4)
13 Gets rid of ocular imperfections (5)
14 Has no inclination to be dejected (8)
16 Extra part required to mend a dud switch (8)
18 How to pass the night on the Border? (2, 3)
20 Left one member quite weak (4)
21 Seine has her largest part at the very bottom (10)
23 Criminal following of French Resistance (7)
24 Trades Union leader is folding up (7)
25 Resist change in family group (6)
26 Sent in to change Court proceedings (6)

DOWN

1 Basket containing cape and angling gear (5)
2 Put down papers after work (7)
3 Absorbed what the measure produced (9)
5 Ought to be in fast one during rally (5)
6 Stuff and nonsense! (7)
7 Cut away carrying the gold and drove off (9)
10 Tired assistant comes to a standstill (9)
13 Fish the waters together taking turns at the wheel (2-7)
15 Skate over the formula used for calculation (5-4)
17 State of old iron (7)
19 Run into family dunce (7)
21 A recess is agreeable when it's hot inside (5)
22 Used for washing flags (5)

Solution to Puzzle No. 5,285



مكتبة الأهل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd	240.45		....	—
Managed Inv. Fd.	162.44	170.99	....	—
Property Fd	151.83	159.83	....	—
Fixed Interest Fd	148.31	156.12	....	—
Cash Fd.	136.98	144.19	....	—
Income Fd.	178.18	187.56	....	—
Extra Income Fd.	165.72	174.45	....	—
Worldwide Growth Fd.	228.64	240.68	....	—
Balanced Fd.	179.70	189.16	....	—
Smlr Co's & Recv. Fd	205.34	216.15	....	—
Int. Technology Fd	267.38	281.46	....	—
Nth. Amer. & Gen. Fd.	165.50	174.22	....	—
Energy Int. Fd.	103.27	108.71	....	—
Pacific Basin Fund	142.95	150.46	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	113.7	119.7	....	—
Property	114.6	120.7	....	—
Equity	117.1	123.3	....	—
International	127.1	133.8	....	—
Fixed Interest	103.3	108.7	....	—
Deposit	99.9	105.1	....	—
Managed Pens. Cap.	114.0	120.0	....	—
Property Pens. Cap.	115.3	121.4	....	—
Equity Pens. Cap.	112.1	118.0	....	—
Intnl Pens. Cap.	131.5	138.4	....	—
Fixed Int. Pens. Cap.	100.7	106.0	....	—
Deposit Pens. Cap.	97.5	102.7	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

[illegible]

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Nov 22	175.6	184.9	....	—
British Nov 22	128.7	135.5	....	—
Commodity Nov 22	122.7	129.2	....	—
Extra Inc Nov 22	119.8	126.2	....	—
Far Eastern Nov 22	106.2	111.8	....	—
High Inc Nov 22	115.9	122.0	....	—
Income Nov 22	146.6	154.4	....	—
Global Strat. Nov 22	177.1	186.5	....	—
Special Sits Nov 22	131.5	138.5	....	—
Gilt Nov 22	105.3	110.9	....	—
Japan Nov 22	162.5	171.1	....	—
UK Small Co's Nov 22	122.6	129.1	....	—
Man Gwt Nov 22	149.9	157.8	....	—
Astrla Nov 22	116.4	122.6	....	—
Oil and Energy Nov 22	114.2	120.3	....	—
Gold Share Nov 22	76.0	80.1	....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

"Asset Builder"	66.2	70.1	....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Dec 1	62.4	67.3	....	—
MM Flexible Dec 6	53.7	56.6	+0.1	—
Fixed Interest Nov 1	55.6	58.6	....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	299.1	—	+0.5	—
Invest. Tst. Fd. Acc.	318.3	—	+0.6	13.6
Property Fund Cap.	117.4	—	....	—
Property Fund Acc.	124.5	—	....	4.7

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

UK grain harvest estimate raised by 200,000 tonnes

BY OUR COMMODITIES STAFF

THE Ministry of Agriculture has increased its estimate of the UK's 1983 grain harvest by 200,000 tonnes from the level predicted a month ago.

It now puts the total at 21.37m tonnes compared with 21.91m last year.

Wheat output is put at 10.83m tonnes (up 148,000 tonnes from the November estimate), barley at 10.02m tonnes (up 62,000 tonnes) and oats at 457,000 tonnes, slightly below last month's forecast.

The ministry expects wheat usage by human consumption and industrial processors to be 3 per cent down from last year at 4.48m tonnes, with home-grown wheat absorption also 3 per cent down at 3.3m tonnes.

Barley usage is predicted to rise 2 per cent to 1.92m tonnes and maize usage to rise 4 per cent to 1.55m tonnes.

Ivo Dawnay in Brussels writes: The European Commission has authorised the sale of 2m tonnes of stockpile wheat for animal feed in a move which simultaneously reduces Europe's surplus of wheat and relieves its shortage of livestock foodstuffs.

The wheat, designated as breadmaking quality, will be sold by national authorities at a minimum price of Ecu 205.39 (£118) a tonne, or Ecu 8.44 a tonne below the base reference price for the lowest quality of breadmaking wheat.

Quotas have been established for eight member states, following the recent transfer of 450,000 tonnes to Italy and 50,000 tonnes to both Ireland and Northern Ireland to relieve shortages.

The Commission said that the move, together with other measures, would help reduce stocks of intervention wheat from the current level of 8.6m tonnes towards the normal level of around 3m tonnes.

Poor U.S. soya crops and a 5 per cent reduction in Community barley production have left the EEC with an estimated 4m tonne shortfall in animal feedstuffs.

The Commission calculates that the cost of transferring 2m tonnes of wheat to animal feed supplies is about Ecu 17m against the Ecu 64.8m cost of retaining the stock in intervention stores for 12 months.

Community wheat production this year was 55m tonnes, a small decline on 1982 but markedly higher than the 49.7m tonnes recorded in 1981.

● Australia is confident of holding its share of the Middle East grains market despite stiff competition from the European Community and the U.S., Reuters reports.

Mr Lionel Bowen, Deputy Prime Minister and Trade Minister who is leading a 20-strong business delegation on a Middle East tour said Australia was concerned by subsidised farm exports to markets such as Egypt and sympathetic to American criticism of such subsidies by the European Community.

But he was confident Australia would maintain its share of the Middle East grains market, as well as boosting trade in non-farm produce.

U.S. 'ready to negotiate on maize'

BY NANCY DUNNE IN WASHINGTON

SENIOR Reagan Administration officials are quietly and informally telling EEC officials that the U.S. will accommodate restrictions on maize gluten feed imports and will negotiate the issue under the General Agreement on Tariffs and Trade, according to the National Corn Growers Association.

In a letter to Mr George Shultz, the Secretary of State, Mr Dain Friend, the organisation's vice-president for legislative affairs, expressed dismay that the Reagan Administration would consider negotiating any modifications of the Gatt agreement on imports of maize gluten feed.

Administration officials and many Congressmen have consistently warned the Europeans that measures to restrict maize gluten imports or to tax fats and oils would bring immediate and strong retaliatory U.S. trade sanctions.

While the fats and oils tax proposed by the Commission is not expected to receive community approval, the maize gluten limitation is seen as more likely to pass.

If the Administration does agree to go to Gatt for negotiation, Mr Friend said, "U.S. corn farmers will again lose an important export market for their produce — a continuous process of damage to U.S. agricultural trade in the development of the EEC's common agricultural policy."

Any further erosion of export markets for maize or maize by-products will "only add to the mounting factors pointing to extremely low corn prices in 1984," Mr Friend said.

Cocoa and coffee prices boosted by pound's fall

By Richard Mooney

COCOA AND coffee prices on the London futures markets were boosted yesterday by the weakness of sterling.

The March cocoa quotation ended £39 up at £1,677.50 a tonne, partly reflecting reduced expectations for the crop in the Ivory Coast, the world's biggest producer.

Traders say reports from local traders indicate an Ivorian crop of around 375,000 tonnes, or possibly as low as 350,000, compared with recent forecasts of 400,000 tonnes.

The pound's fall helped the existing buoyant tone in the coffee market, which traders have attributed mainly to chart patterns. March coffee ended the day £31 up at £1,936.50 a tonne.

● **EUROPEAN** Community has agreed to import 10,000 tonnes of white Indian sugar this year, so partially restoring India's original 25,000-tonne quota which was discontinued in 1981.

● **ELECTRICIANS** have ended a three-week-old strike at the Comalco bauxite mine at Weipa, Northern Queensland. The men returned to work immediately after a vote and their dispute, over manning levels, will go before the arbitration commission later this month.

● **THAILAND'S** rice exports rose to 3.33m tonnes in the first 11 months of 1983 from 3.32m in the same 1982 period. The country's Foreign Trade Department forecast that Thailand would export 3.5m to 3.6m tonnes this year, close to the 1982 record of 3.6m.

● **INDIAN** jute workers in 62 jute mills in West Bengal state have threatened an indefinite strike from January 16 to press demands for higher wages.

Kenyan economy set to benefit from record premium tea crop

BY MICHAEL HOLMAN IN NAIROBI

KENYA'S hard-pressed economy will receive a significant boost from this year's tea crop, which will reach record levels in both value and volume, Industry officials say.

Exports of what is regarded as one of the world's premium teas are forecast to be over 100m kg by the end of the year, 25 per cent higher than last year's 80.4m kg.

The rise in world prices, now at their highest in seven years, will raise export earnings from the crop to around £140m, nearly doubling last year's receipts of £78m.

The crop is Kenya's fourth largest foreign exchange earner after coffee, tourism and refined petroleum products.

Last year tea accounted for 14 per cent of Kenya's exports. This year it is expected to provide nearly 25 per cent of foreign exchange earnings, reflecting not only the higher prices and volume but a probable drop in coffee income.

In 1982 the average price for Kenyan tea was 97p a kilo.

Although it is now fetching nearly £2.50 a kilo on the world market, industry officials calculate that the average price at the end of the year will be about £1.20.

"It is proving to be the biggest bonanza since the coffee and tea boom of 1977-78," said one official.

Nearly a third of the exported crop is grown by 145,000 smallholders, whose high-quality leaf is sold through factories managed by the Kenya Tea Development Authority.

They receive monthly payments at a base rate, plus an annual bonus according to the world price for the individual factory's output.

Taking families and service industries into account, at least 1m Kenyans out of a population of 17m are involved in the tea business.

The recent sustained upsurge in tea prices was halted at yesterday's weekly London auction. Quality tea was unchanged from last week at 278p a kilo, medium was down 3p at 255p and low medium was down 8p at 225p.

Auction prices have risen by about 85 per cent in the last six months, reflecting tight supplies on the world market. This has been due mainly to increased consumption in producing countries, especially India, at a time of stagnant world production.

NFU president calls for recognition of farming's contribution to economy

BY RICHARD MOONEY

FARMING'S CONTRIBUTION to the British economy has been sadly undervalued, Sir Richard Butler, president of the National Farmers' Union, declared at the opening of the Royal Smithfield Show in London yesterday.

"We must be far more forceful in publicising our achievements," he said.

The farming industry had played a major part in the battle against inflation, helped to reduce the country's balance of payments burden and provided jobs for the 9 per cent of the employed labour force which depended directly or indirectly on domestic food production for their employment.

Sir Richard pointed out that between 1977 and 1982 annual food price inflation had lagged 3.2 per cent behind the general rate. As a result "consumers can purchase a greater variety of high quality food items than ever before at prices that are falling in real terms."

By winning a bigger slice of the national food market and selling more food abroad, farming had saved the balance of payments £2.5m between 1972 and 1982.

Mr Michael Jopling, Agriculture Minister, said at the show: "Farmers do not have a God-given right to produce more and more food which we can neither eat at home nor sell abroad, but that is the position we are now faced with."

It was essential for measures to be introduced to reform the Common Market's farm policy and return it to "rationality and reality."

Mr Jopling stressed that the Government strongly opposed the imposition of a tax on imports of oils and fats.

● Professor Colin Spedding, director of Reading University's Centre for Agricultural Strategy, has written to the leaders of organisations associated with the food and agriculture industries asking for contributions towards a planned £27,000 study to "establish the contributions that agriculture makes to the UK and to the EEC.

Soviet meat contract goes to 'Red Millionaire'

By Paul Betts in Paris

FRENCH Communist millionaire M Jean-Baptiste Doumeng has landed another important commodities contract with the Soviet Union.

The latest contract is understood to involve the supply of 50,000 tons of meat. It follows two other large Soviet orders to M Doumeng's Interagra agricultural and food consortium.

The other contracts are an order for 1.3m tons of French grain and a subsequent order for 120,000 tons of flour. The grain contract is estimated to be worth FFr 1.5bn (£125m), the flour contract about FFr 250m and the latest meat contract about FFr 500m.

The latest series of orders to France's so-called "red millionaire" has raised speculation that the Soviet decision is as much political as commercial.

M Doumeng was at the centre of a minor controversy in Moscow last month during a meeting of the Franco-Soviet economic commission. The French delegation was led by Mme Edith Cresson, French Trade Minister, but M Doumeng, who also flew to Moscow, was asked by the French to leave the Franco-Soviet talks because he was not an official member of the commission.

Copper stocks fall 100 tonnes

COPPER stocks in London Metal Exchange warehouses fell last week for the first time in 18 weeks. The total, which last week reached its highest level for five years, was 100 tonnes down at 425,200 tonnes.

PRICE CHANGES

In tonnes unless stated otherwise	Dec. 5 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt	$1530/1558	—46	$1530/588
Copper			
Cash h grade	£991.5	—6	£907.75
3 mths	£1016.75	—5.5	£931.25
Cash Cathode	£976.5	—4.5	£899
3 mths	£999.5	—4.5	£913.5
Gold troy oz	$397.375	—1	$378.625
Lead Cash	£281.5	—2	£271.625
3 mths	£290.75	—2	£281.25
Nickel	£4646.54	......	£4646.34
Free Mkt	205/225c	—5	215/225c
Palladium oz	$154.25	—1.25	$144.25
Platinum oz	£276.70	—0.45	£256.60
Quicksilver†	$505/515	......	$515/525
Silver troy oz	665.40p	—1.85	593.95p
3 mths	679.60p	—1.95	606.60p
Tin cash	£8677.5	—10	£8585
3 month	£8806.5	+4	£8693.5
Tungsten	$76.08	—2.04	$78.25
Wolfr'm 22.04 lb	$68/72	......	$74/79
Zinc Cash	£585.5	—1.5	£574.75
3 mths	£600.25	—1	£588.25
Producers	$950	......	$935

	Dec. 5 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$940x	......	$905
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$680v	......	$650
Seeds			
Copra Phil	$626x	+10	$580
Soyabean (U.S.)	$312.5	—11.5	$344.25
Grains			
Barley Fut. Mar	£123.10	+0.50	£119.40
Maize	£146.00	......	£146.00
Wheat Fut. Mar	£123.95	+0.45	£122.60
No 2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1743	+51	£1510
Fut. March	£1677.5	+39	£1463.5
Coffee Ft. Mar	£1936.5	+31	£1831.5
Cotton A.Index	89.30c	+0.05	89.05c
Gas Oil. Jan	$246.75	+0.5	$256.5
Rubber (kilo)	83p	+0.5	79p
Sugar (Raw)	£138x	......	£141
Woolt'ps 64s	406p kilo	+1	401p kilo

‡ Unquoted. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound. per pound.

LONDON OIL

Gas oil began the day strongly, reaching the highs on the opening but quickly dropping back. Heavy selling in New York physicals put pressure on prices.

Crude oil weakened during the day, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.35	—
Iranian Light	27.90-28.05	+0.07
Arab Heavy	26.25-26.35	—
North Sea (Forties)	28.55-28.80	—
North Sea (Brent)	28.60-28.80	+0.05
African(Bonny L'ht)	28.75-29.20	—0.35
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	281-285	—
Gas oil	247-256	—
Heavy fuel oil	168-172	—

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.47	—0.08	28.47
Mar	28.47	—0.04	28.55-28.45
Apr	28.45	—0.04	28.49-28.45
May	28.43	—0.04	—
June	28.44	—0.05	—

Turnover: 50 (144) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec	247.25	—0.25	248.75-46.75
Jan	246.75	+0.50	248.75-46.75
Feb	244.50	—	245.50-44.00
Mar	240.00	+0.25	241.00-40.00
April	236.00	—0.75	238.25-35.50
May	236.00	+0.25	237.00-36.00
June	235.50	—	—
July	236.50	+0.50	238.50
Aug	237.00	+1.50	—

Turnover: 144 (120) lots of 1,000 barrels.

GOLD MARKETS

Gold fell $1 an ounce from Friday's close in the London bullion market yesterday to finish at $397-397¾. The metal opened at $402½-403¼ and traded between a high of $403¾-404¼ and a low of $396½-397. Gold lost ground from early levels, reflecting a lack of follow through despite further clashes in the Middle East and also a sharp increase in the value of the dollar.

In Frankfurt the 12½ kilo bar was fixed at DM 35,435 per kilo ($404.02 per ounce) against DM 35,015 ($403.00) and closed at $397-397½ from $400½-401.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $403.50 from $404.00.

In Paris the 12½ kilo bar was fixed at FFr 107,000 per kilo ($400.96 per ounce) in the afternoon compared with FFr 107,000 ($403.26) in the morning and FFr 106,150 ($401.77) on Friday afternoon.

In Zurich gold finished at $397½-398½ from $398½-399½.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Dec	397.00-98.0	—2.50	—
Feb	403.50-05.5	—2.85	410.00-01.5
April	409.50-09.8	—2.75	—
June	416.00-16.5	—2.75	—
Aug	423.00-23.5	—2.75	—
Oct	429.50-30.5	—3.25	—

Turnover: 609 (999) lots of 100 troy ounces.

	Dec. 5		Dec. 2	
Gold Bullion (fine ounce)				
Close	$397-397¼	(£274¼-274¾)	$398-398¼	(£273¼-273¼)
Opening	$402½-403¼	(£277-277½)	$404¾-405½	(£277¾-278¼)
Morning fixing	$402.40	(£276.716)	$403.50	(£276.844)
Afternoon fixing	$397.25	(£273.777)	$400.75	(£275.146)

Gold and Platinum Coins Dec. 5					
Krugrnd	$410-410¾	(£283¼-283¾)	King Sov	$96½-98	(£66¾-67¾)
½ Krg	$211¼-212	(£145¾-146½)	Victoria Sov	$96½-98	(£66¾-67¾)
¼ Krg	$107½-108	(£74¼-74½)	French 20s	$76½-78¾	(£52¾-54½)
1/10 Krug	$44-44½	(£30½-31)	50 pesos Mex	$487-489	(£336¼-337¾)
Mapleleaf	$409¾-410½	(£283-283½)	100 Cor. Aust	$391-395	(£270-272¾)
New Sov	$93½-94¼	(£64½-65)	$20 Eagles	$540-550	(£373-379¾)
½ New Sov	$56-56¾	(£38¾-39¼)	Noble (Plat)	$412-416½	(£284½-288¾)

EUROPEAN MARKETS

ROTTERDAM, December 5.

Wheat—(U.S. $ per tonne): U.S. Two Red Winter Jan 159, Feb 161.50, March 162.50, April 162.50. U.S. Two Northern Spring 14 per cent protein Dec 182.50, Jan 189.50, Feb 189.50, March 189.50, April-May 178. U.S. Three Amber Durum Dec 198, April-May 199, June 200. Canadian Western Spring Nov 16-Dec 15 208, April-May 213.

Maize — (U.S. $ per tonne): U.S. Three Yellow spot 159, arrived 158.50, Dec 157, Jan 155.50, Feb 156.50, March 158.50, April-June 156.50, July-Sept 154 sellers. Argentine Plate Dec-Jan 177, Jan 175, April-June 163 sellers.

PARIS, December 5

Cocoa—(FFr per 100 kg): Dec 1985/1995, March 2033/2034, May 2040/2045, July 2040 bid, Sept 2045 bid, Dec 2060/2090, March 2075/2100.

Sugar—(FFr per tonne): March 1980/1985, May 2055/2060, Aug 2165/2170, Oct 2230/2250, Dec 2306/2325, March 2396/2415.

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL prices were mixed in lively trading on the London Metal Exchange, influenced by the higher bullion price in the morning and the subsequent reaction, and the fall of sterling to an all-time low against the dollar. Trade buying at the ower evels lifted Copper to £1,017 by the close, after a high for the day of £1,031. Tin was finally £8,805, Lead £291.5, Zinc £602 after good speculative buying, Aluminium £1,098 and Nickel £3,290.

COPPER

Amalgamated Metal Trading reported that in the morning high-grade three months copper traded at £1,019, 18.50, 19, 20, 20.50, 21, 20, 19, 18.50 19. Cathodes Cash £978. Three months £1,001. Kerb higher grade Three months £1,016, 17. Afternoon: Higher Grade: Three months £1,012, 13, 16, 15.50, 16, 16.50, 16. Kerb: Higher Grade: Three months £1,017, 18.50, 16, 16.50, 17, 16, 15.50, 16, 17. Turnover 19,100 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	995-6	—6.75	991-2	—6
3 months	1018.5-9	—6.5	1015.5-6	—5.5
Settlem't	996	—6.5		
Cathodes				
Cash	978-.5	—7	976-7	—4.5
3 months	1001-2	—6.5	999-1000	—4.5
Settlem't	978.5	—7		
U.S. pro'd			*68-73	.....

TIN

Tin—Morning: Standard: Cash £8,680, 85. Three months £8,805, 10, 0, 05. High Grade: Cash £8,745, 40. Kerb: Standard: Three months £8,810, 06, 05. Afternoon: Standard: Three months £8,809, 06, 05, 10, 07. High Grade: Cash £8,740. Three months £8,825. Kerb: Standard: Three months £8,805. Turnover 1,365 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8735-40	+16	8735-40	
3 months	8820-5	—7.5	8825-30	+7.5
Settlem't	8740	+10		
Standard				
Cash	8680-5	—2.5	8675-80	+10
3 months	8809-10	+0.5	8806-7	+4
Settlem't	8685	—5	—	.....
Straits E.	$29.76	—0.11	—	.....
New York				

LEAD

Lead: Morning: Three months £291.50, 90.50. Kerb: Three months £290, 90.50, 91. Afternoon: Three months £290, 90.50. Kerb: Three months £21, 91.50. Turnover 7,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	280.75-1	—2.5	281-2	—2
3 months	290.5-1	—1.5	290.5-1	—2
Settlem't	281	—2.5		
U.S. Spot			*25-9	

ZINC

Zinc: Morning: Three months £598.50, 99, 99.25. Kerb: Three months £598. Afternoon: Three months £598, 97.50, 98, 600, 600.50, 01, 600.50, 01. Kerb: Three months £601, 02. Turnover 8,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	584-5	—0.25	585-6	—1.5
3 months	599-.5	—	600-.5	—1
Settlem't	585	—		
Primw'ts			*48-.75	

ALUMINIUM

Aluminium—Morning: Three months months £1,091, 92, 91.50, 92. KERB: Three months £1,091, 90, 91, 91.50. Afternoon: Three months £1,089, 88, 89, 90, 91, 91.50, 92, 95, 94.50, 95. KERB: Three months £1,095, 96, 97, 98, 97.50, 98. Turnover 20,500 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1064-5	+0.25	1066.5-7	+0.75
3 months	1092-.5	+0.5	1094.5-5	+2

NICKEL

Nickel: Morning: Three months £3,265, 70, 66. Kerb: Three months £3,265, 68. Afternoon: Three months £3,270, 75, 85, 86, 87. Kerb: Three months £3,280. Turnover 1,650 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3185-90	—12.5	3207-8	+12.5
3 months	3265-8	—11	3286-8	+15.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 1.85p an ounce lower for spot delivery in the London bullion market yesterday at 665.4p. U.S. equivalents of the fixing levels were: spot $9.668, down 6.4c; three-month $9.892, down 6.4c; six-month $10.152, down 6.1c; and 12-month $10.673, down 5.8c. The metal opened at 671-673½p ($9.75-9.79) and closed at 653½-656p ($9.48-9.50).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	665.40p	—1.85	654.5p	—3
3 months	679.60p	—1.95	668.75p	—3
6 months	696.10p	—1.95	......	
12months	728.70p	—1.95	......	

LME—Silver (2,000 oz contract) — Three months 668.75p (670.5p). Turnover 2 (3).

Turnover: 176 (179) lots of 10,000 oz. Morning: Large contract three months 680.0, 79.5, 78.5, 78.0, 77.5, 77.3, 77.1. Kerb: Large three months 677.0, 76.0, 75.0, 76.0. Afternoon: large three months 666.0, 65.5, 68.5: small three months 665.0, 64.0. Kerb: large three months 668.0.

COCOA

A steady opening set the tone and futures traded actively throughout the day, moving through limit-up and closing firmly at the highs. In spite of the higher levels both producer and consumers declined to re-enter the market, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1673-75	+48.0	1679-50
March	1677-78	+39.0	1682-55
May	1676-77	+41.0	1677-55
July	1673-75	+40.5	1675-50
Sept	1670-72	+38.0	1671-56
Dec	1664-66	+33.5	1666-55
March	1666-68	+36.5	1665-60

Sales: 6,910 (5,237) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Dec 5: 107.02 (104.96); five-day average for Dec 6: 104.97 (104.65).

COFFEE

Following the firm New York close London opened £5-£10 higher in moderate volume, reports Drexel Burnham Lambert. Fresh contract highs were established in all positions as dealer and commission house support in nearbys encourage daddiotional gains.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1965-66	+40.0	1968-30
March	1936-37	+31.0	1938-15
May	1867-69	+21.0	1870-59
July	1819-20	+15.5	1820-10
Sept	1783-85	+23.0	1784-65
Nov	1743-45	+12.0	1746-40
January	1715-35	+9.0	1725

Sales: 3,264 (1,832) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Dec 2: Comp daily 1979 138.88 (139.10); 15-day average 137.86 (137.69).

GRAINS

Wheat and barley steadily improved on shipper buying throughout the day in very thin trading to close at the day's highs. New crops were a little easier in dull trading, reports Muirpace.

	WHEAT		BARLEY	
Mnth.	Yesterdy's close	+ or —	Yest'day's close	+ or —
Jan	121.35	+0.80	130.45	+0.85
Mar	125.85	+0.46	123.10	+0.50
May	129.95	+0.45	125.00	+0.85
July	129.95	+0.45	—	—
Sept	113.65	—0.15	111.20	—0.05
Nov	116.70	—0.10	114.35	—0.05

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 14 per cent Jan. 142, Feb. 142.10, March 142 trans shipment east coast. English feed for Jan/March 126.75 east coast. Maize: French Dec. 146, Jan./March 150 east coast. Barley: English feed fob Jan./March 126.50 east coast. Rest unquoted.

Business done—Wheat: Jan 121.25-1.00, Mar 123.95-3.75, May 126.90-6.75, July 129.90-9.55, Se pt 113.70 only, Nov 116.90-6.70. Sales: 164 lots of 100 tonnes. Barley: Jan 120.45-20.00, Mar 123.10-2.80, May 125.05-4.95, Sept 111.20 only, Nov untraded. Sales: 100 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 114.70, E. Midlands 118.00. The UK monetary coefficient for the week beginning Monday December 12 (based on HGCA calculations using four day's exchange rates) is expected to remain unchanged.

POTATOES

A steady Amsterdam market encouraged buyers at the opening, but there was little interest and prices eased back. Having failed to break out of the recent range, the market closd with small gains around the middle of the day's fluctuations, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	163.50	162.60	164.00-163.2
April	194.40	195.10	195.50-193.3
May	199.50	198.50	200.00-199.0
Nov	80.00	79.50	—
Feb	88.00	88.50	—

Sales: 362 (506) lots of 40 tonnes.

RUBBER

The London physical market opened steadier, attracted little interest throughout the day and closed uncertain, reported Lewis and Peat. The Kuala Lumpur December fob price for RSS No. 1 was 284.0 (283.0) cents a kg and SMR 20 224.0 (223.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Jan	840-850	834-850	—
Feb	840-847	832-835	—
Jan Mch	840-841	834-836	840
Apl-Jne	851-852	844-845	852-850
Jly-Sept	861-863	854-855	863-862
Oct-Dec	872-873	864-866	—
Jan Mch	883-885	874-877	—
Apl-Jne	893-896	886-887	—
Jly-Sept	905-907	898-899	907-906

Sales: 100 (52) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 83.00p (82.50p); Jan 83.50p (83.00p); Feb 84.00p (83.50p).

SOYABEAN MEAL

The market opened £1.30 down on follow-through selling, reports T. G. Roddick. Prices remained under pressure with weak cash markets and *trade selling*.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec	175.00-84.00	—1.00	—
Feb	182.70-83.20	—2.80	185.00-83.00
April	186.20-86.50	—2.70	188.00-85.50
June	182.50-82.50	—2.10	183.50
August	182.20-82.50	—2.10	183.50-82.80
October	172.50-74.00	—2.25	173.50
Dec	161.00-63.50	—2.60	165.00

Sales: 331 (74) lots of 100 tonnes.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports. Dec 306.50, Jan 310.50, Feb 314.75, March 318.30, April 320, Aug 317, Sept 297, Oct 266.25, Nov 266.25, Dec 270.25, Jan 274.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 258, Dec 258, Jan 262, Feb 265, March 268, Jan-March 265, April-Sept 260, Nov-March 228 sellers. Pellets Brazil afloat 278, Dec 278, Jan 284, Feb 289, March 278, April-Sept 263, May-Oct 261, Oct-Dec 246, Oct-Dec cif Ghent 244.50 sellers. Pellets Argentine afloat 265, Dec 270, Jan 272, Feb 275, March 275, May-Sept 258, Oct-Dec 241 sellers.

SUGAR

LONDON DAILY PRICE — Raw sugar £138.00 (same) a tonne for Dec-Jan shipment. White sugar £154.25 (£156.50).

The market initially drifted about £1.50 below pre-weekend levels but all the losses were recovered as New York quotations improved, reports C. Czarnikow.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Mar	159.70-59.75	160.30-60.45	160.50-57.80
May	164.80-65.00	165.25-65.50	166.50-62.70
No. 6 Contract $ per tonne			
Mar	251.00-51.80	252.80-53.20	255.20-29.00
May	258.80-59.00	242.80-43.20	258.00
Aug	246.80-47.40	250.00-51.00	250.00
Oct	254.80-55.00	258.40-58.90	252.80-52.00
Dec	251.00-63.00	264.00-65.00	—
Mar	278.40-77.00	273.00-80.00	278.60-75.00
May	285.00-85.00	284.00-88.00	—

Sales: No. 4 1,852 (1,194); No. 6 259 (38) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £248.00 (£248.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed, Caribbean ports). Prices for December 2. Daily price 8.18 (8.25); 15-day average 8.28 (8.29).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 140 tonnes. Fair operations continued. Minor replacements were required and scattered operations were mentioned in Russian types. African and American types were supported in numerous directions.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 534.0, 537.0, 535.0-534.0; March 555.0, 556.0, 556.0-555.0; May 572.0, 575.0, 572.0-571.0; July 584.0, 590.0, 585.0-580.0; Oct 575.0, 580.0, 578.0; Dec 587.0, 590.0, 587.0-585.0; March 606.0, 608.0, 611.0-608.0; May 612.0, 615.0, 618.0-615.0. Sales: 107.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 82.0-88.0; Ulster hindquarters 100.0-105.5; forequarters 55.0-59.5. Lamb—English small 66.0-72.0; medium 64.0-70.0; heavy 60.0-64.0. Pork—English under 100 lb 50.0-58.0; 100-120 lb 50.0-54.5; 120-160 lb 43.5-51.5.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 96.62p per kg lw (—1.30). GB—Sheep 151.16p per kg est dcw (+7.97). GB—Pigs 77.91p per kg lw (—1.64).

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Satsumas—Spania: 3.00-3.40. Clementines—Corsican: 2.50-3.40; Spania: 82/120 3.80-4.20, 132/168 3.60-3.80, 182/210 3.40-3.50: Moroccan: 1's 4.80, 2's 4.50, 3's 4.50, 4's 4.00, 5's 4.00. Oranges—Spania: 42/48/54/60 4.50-4.80, 70/80/90 5.00, 100/110/120 5.00-5.20; Greek: 15-kg 4.50-4.80; Moroccan: 48 4.40, 54 4.50, 63 4.60, 70/80 4.60-4.70, 96 5.00: Cuban: Tropical 56 5.30. Lemons—Italian: carton 5.50-6.00; Cyprus: 10-kg boxes 3.50-4.40; Greek: 10-kg 4.00-4.50, 15-kg 6.50-7.50; Spania: 5-kg 2.00-2.20; Jaffa: 15-kg 4.50-6.25; Outspan 16-kg 4.00-5.00. Grapefruit—Cuban: 3.00-3.50; Jaffa: 32 4.80, 36 4.80, 48 4.40, 56 4.00, Sunrise 23 5.60, 32 6.20, 36 6.40, 40 6.40, 48 6.20, 56 6.00, Red Blush 32 5.90, 36 6.00, 40 6.00, 48 5.60, 56 5.20; U.S.: Ruby 6.50-7.50; Cyprus: 32 4.80, 40 4.50, 48 4.30, 56/64 3.80-4.00. Apples—French: Golden Delicious carton 5.50-7.20, Granny Smith carton 8.00-8.50, Starkcrimson carton 6.00-6.50; Italian: 21-kg Golden Delicious 5.50-6.00, Starking 6.50; Hungarian: Red Delicious 19-kg approx 7.00-7.20; U.S.: Red Delicious new season carton 12.00-13.00; Canadian: 20-lb Spartan 3.70-4.00, McIntosh Reds 3.70-4.00. Pears — Per pound Italian: Passacrassana 0.12-0.14. Grapes — Italian: Per pound, Italia 0.32-0.38; Spanish: Italia 0.32-0.38, Almeria 0.23-0.26, Napoleon 0.25-0.27. Melons—Spanish: 10-kg Green 3.00-5.00, 15-kg Green 6.00-9.00; Israeli: Galia 5.50-5.75, Ogen 4.50-5.00. Bananas — Colombia: 40-lb boxes 10.00-10.20. Avocados—Canary: 4.00-4.50; Israeli: 3.00-3.50. Pineapples—each: Ivory Coast D 0.45, C Cape: 9's 0.35-0.40, 8's 0.40-0.45, 7's 0.50-0.55, 6's 0.70-0.75, 5's 0.80-0.85, 4's 1.00-1.10; Ghana: each 1.40-1.60. Paw Paws — Brazilian: 6.00-6.50. Mangoes—Kenyan: 8.00-8.50; Brazilian: 8.50-9.00. Fennel—Italian: 9-kg 4.00-4.50. Figs—Smyrna: 48's x 8 oz 9.00-9.20. Kiwifruit — New Zealand: 6.50. Tomatoes — Spanish: tray 1.50-2.00; Canary: tray 2.00-2.50; Spanish Beefsteak 3.00-3.500; Dutch Beefsteak 4.00-4.20. Aubergines—Canary: 4.00-4.50; Israeli: 5.50-6.00; Cyprus: 3.50-4.00. Onions—Spanish: 25-kg nets Zaragoza 5.50-5.60; Dutch: 45/80 mm 4.00-4.20, 60/80 mm 4.50-4.80; Polish: 4.80-5.00. Capsicums—Dutch: yellow 10.00-10.20, green 5.00-5.60 red 5.70-5.80; Israeli: green 4.00-4.20, yellow 4.00-4.60; 0.70-0.75, B 0.90-1.00, A 1.50-1.60.

English produce: Apples—Per pound, Cox's 0.16-0.27, Russet 0.15-0.20, Spartan 0.16-0.20, Laxton's Superb 0.12-0.16, Bramley 0.13-0.20. Pears—Per pound, Comice 0.16-0.24, Conference 0.10-0.20. Potatoes—Whites 4.00-4.40, Edwards 4.60-5.20, bakers 7.00-8.50. Mushrooms — per pound, open 0.70-0.80, closed 0.80-0.90. Lettuce—Per tary round 1.20-1.80. Onions—Per 55-lb 4.00-4.50. Cabbages—Per 25-lb Celtic 2.50-2.60, Jan King 2.80-3.00. Greens — Kent, 28-lb, 2.00-2.40; Cornish, 40-lb, 3.00-3.70. Cauliflowers—12's Kent 4.50-4.80. Celery—Pre-packed 6.00-6.50; dirty, by cubes, 2.20-2.40. Beetroots—28-lb 1.80-2.00. Turnips—28-lb 2.00-2.80. Swedes—28-lb 1.20-1.40. Leeks — Per pound 0.17-0.20. Carrots—28-lb 1.20-1.80. Parsnips—28-lb 2.50-2.80. Sprouts—Per pound 0.10-0.14. Calabrese—Per pound Kent 0.50-0.56.

INDICES

FINANCIAL TIMES

Dec. 2	Dec. 1	M'th ago	Y'ar ago
288.24	289.11	285.92	232.31

(Base: July 1 1952=100)

REUTERS

Dec. 5	Dec. 2	M'th ago	Y'ar ago
1938.1	1939.2	1887.5	1578.1

(Base: September 18 1931=100)

MOODY'S

Dec. 2	Dec. 1	M'th ago	Year ago
1055.6	1035.1	1014.4	993.6

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Dec. 2	Dec. 1	Month ago	Year ago
Spot	138.32	138.29	135.63	131.55
Fut's	145.38	146.19	142.95	158.75

(December 31 1931=100)

AMERICAN MARKETS

NEW YORK, December 5

Gold and silver traded nervously with producer sales early in the session attracting speculative support on heightened Lebanese tension. Copper came under pressure from long liquidation on the continued build-up in exchange stocks. Sugar reversed early losses to show sharp gains on the close as physical buying interest developed prompting short-covering. Cocoa was firm in response to reports of a lower than expected crop in the Ivory Coast. Coffee showed slight losses on a lower pace of roastings. Cotton came under pressure from large delivery notices. Heating oil traded in a narrow range as traders withdrew to the sidelines ahead of the Opec meeting. The grain and soyabean complex suffered heavy losses on stop-loss selling on dollar strength and a general lack of export interest, reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2290	2297	2270	2260
March	2290	2295	2273	2260
May	2285	2300	2280	2266
July	2285	2300	2285	2271
Sept	2290	2300	2283	2278
Dec	2310	2315	2315	2288

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	152.75	53.25	52.75	53.00
March	148.28	47.50	46.22	46.89
May	140.51	41.45	40.50	41.17
July	137.60	38.50	37.80	38.03
Sept	136.50	35.90	35.50	35.77
Dec	132.63	—	—	32.50
March	131.00	—	—	31.63

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	64.75	65.25	64.80	65.75
Jan	65.25	65.50	65.00	66.25
Feb	65.90	—	—	66.95
March	66.55	67.00	66.40	67.60
May	67.85	68.30	67.85	68.90
July	69.15	69.60	68.95	70.20
Sept	70.50	70.90	70.50	71.50
Dec	72.55	72.90	72.50	73.50
Jan	73.25	—	—	74.20
March	74.55	74.70	74.80	75.50

COTTON 50,000lb, cents/lb

	Latest	High	Low	Prev
Dec	77.00	77.00	76.10	76.65
March	80.00	80.06	79.40	80.18
May	81.15	81.15	80.70	81.32
July	81.75	81.85	81.50	82.80
Oct	76.20	76.20	76.20	76.40
Dec	74.75	74.95	74.60	74.95
March	76.00	—	—	76.10
May	77.00	—	—	78.30

CRUDE OIL (LIGHT) 42,000 U.S. gall, $/barrel

	Latest	High	Low	Prev
Dec	29.00	—	—	28.90
Jan	29.33	29.40	29.27	29.38
Feb	29.01	29.12	28.95	29.07
March	28.85	28.94	28.80	28.92
April	28.78	28.85	28.76	28.90
May	28.70	28.80	28.70	28.90
June	28.85	—	—	28.85
July	28.85	—	—	28.80
August	29.00	—	—	—
Sept	29.00	—	—	28.90

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	399.0	400.5	397.0	398.7
Feb	404.5	406.5	401.0	404.1
April	411.1	413.3	407.0	410.7
June	418.0	420.5	413.5	417.5
August	425.0	428.0	423.5	424.5
Oct	432.3	433.5	433.5	431.8
Dec	439.8	441.0	437.5	439.3
Feb	404.5	406.5	401.0	404.1
April	455.1	—	—	454.6
June	463.1	—	—	462.6
August	471.4	—	—	470.9
Oct	479.8	479.5	479.5	479.3
Jan	401.5	402.0	402.0	401.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Jan	78.45	78.60	77.95	78.25
Feb	77.65	77.85	77.13	77.63
March	76.80	78.05	75.40	75.89
April	74.20	74.30	74.00	74.25
May	73.55	73.75	73.40	73.50
June	73.75	73.75	73.50	73.90
July	74.25	—	—	74.40
Aug	75.25	—	—	75.00
Sept	76.50	—	—	75.90
Oct	77.50	—	—	76.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	124.00	24.45	23.60	23.90
March	123.00	23.25	22.05	22.85
May	122.35	22.50	22.25	22.20
July	122.25	22.40	22.25	21.80
Sept	122.25	22.50	21.80	21.85
Nov	120.35	—	—	20.20
Jan	115.50	15.00	15.00	14.90
March	115.50	—	—	14.90
May	115.50	—	—	14.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	405.7	408.0	408.0	406.4
Jan	407.7	409.0	403.0	406.4
April	414.0	415.3	409.0	414.7
July	420.2	421.0	417.6	420.7
Oct	426.7	—	—	427.2
Jan	433.7	430.5	430.0	434.2
April	442.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	956.8	960.0	939.0	962.5
Jan	964.0	964.0	949.0	980.0
Feb	971.5	976.0	976.0	967.5
March	978.0	985.0	962.0	975.0
May	996.0	—	978.0	992.0
July	1013.0	1018.0	996.0	1009.0
Sept	1030.4	1025.0	1025.0	1026.4
Dec	1057	1065.0	1042.0	1053.4
Jan	1066.4	—	—	1062.4
March	1084.4	1085.0	1084.5	1080.4

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	8.98	8.90	8.48	8.65
March	9.53	9.55	9.13	9.24
May	9.85	9.85	9.45	9.53
July	10.16	10.19	9.79	9.85
Sept	10.36	10.23	10.09	10.07
Oct	10.58	10.60	10.18	10.23
Jan	10.90	10.85	10.70	10.85
March	11.50	11.50	11.18	11.20

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	62.17	62.75	62.05	63.05
Feb	62.35	62.50	62.22	62.67
April	64.35	64.52	64.25	64.70
June	65.10	65.40	65.05	65.62
Aug	63.90	64.15	63.80	64.50
Oct	61.90	62.30	61.90	62.45

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	43.55	43.65	42.90	43.40
Feb	47.70	47.77	47.30	47.80
April	47.30	47.40	46.90	47.35
June	52.35	52.55	52.05	52.40
July	53.15	53.20	52.70	53.25
Aug	52.95	53.00	52.60	53.10
Oct	51.85	52.00	51.60	52.05
Dec	52.97	53.00	52.87	53.10
Feb	53.45	53.45	53.30	53.50

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	330.4	335.0	330.0	336.4
March	331.4	335.4	330.4	337.4
May	333.0	—	331.4	338.2
July	330.4	335.0	330.2	336.2
Sept	304.4	307.0	303.5	308.0
Dec	285.2	288.4	285.2	289.2

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
Feb	58.45	58.80	58.00	59.17
March	58.90	59.25	58.50	59.60
May	60.67	61.05	60.40	[illegible]
July	61.70	62.30	61.60	62.67
Aug	60.85	61.45	60.80	61.50

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	768.0	—	756.0	784.4
March	781.0	794.0	772.4	801.2
May	789.0	800.0	781.0	810.0
July	792.0	799.0	782.0	807.6
Aug	772.0	—	765.0	790.0
Sept	719.0	724.0	710.0	731.0
Nov	671.0	673.4	661.4	678.4
Jan	676.0	686.0	678.0	691.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	218.0	219.0	213.0	220.5
Jan	218.0	220.5	214.5	222.4
March	219.0	—	216.5	224.4
May	218.5	—	216.8	224.0
July	218.0	221.0	215.5	224.7
Aug	212.0	214.0	210.0	218.0
Sept	203.0	204.0	202.0	208.0
Oct	184.0	186.0	184.0	187.0
Dec	184.5	185.0	184.0	187.0
Jan	184.0	184.6	184.0	186.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	25.70	26.45	25.40	26.50
Jan	25.80	26.50	25.73	26.73
March	25.80	26.50	25.28	27.28
May	25.75	27.20	26.50	27.50
July	26.90	27.30	26.35	27.65
Aug	25.80	25.70	25.40	27.40
Sept	25.30	25.70	25.10	25.90
Oct	24.50	24.50	24.25	25.25
Dec	24.25	24.25	24.00	25.00

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	342.0	342.4	340.0	345.0
March	355.4	355.4	352.4	359.0
May	354.2	355.4	352.0	360.0
July	341.6	342.4	340.6	344.0
Sept	348.0	348.0	347.4	350.0
Dec	360.2	360.6	360.0	362.4

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. New York tin 590.0-94.0 (591.0-96.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at new peaks

The dollar was at record highs against several European currencies on the foreign exchanges yesterday including sterling, which finally succumbed to the strength of the U.S. currency after holding firm throughout the summer when Continental units were falling to the lowest levels for many years.

Rising tension in the Middle East following U.S. air strikes against Syrian positions in Lebanon added to demand for the dollar after Friday's U.S. unemployment figures and money supply announcement had given the currency a firm undertone. News of a fall in unemployment for the second consecutive month underlined recent signs of growing economic recovery, while the rise of $1.6bn in weekly M1 money supply was above most estimates, and is expected to be followed by rising money supply during the rest of this month.

The dollar's trade-weighted index rose to 129.7 on Bank of England figures, from 128.8, compared with 124.7 six months ago.

It rose to a 10-year peak of DM 2.7435 from DM 2.7130 against the D-mark; to a record high of FFr 8.3175 from FFr 8.2450 against the French franc; to SwFr 2.1885 from SwFr 2.1740 in terms of the Swiss franc; and to Y235.05 from Y233.50 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4455. December average 1.4773. Trade-weighted index 83.1 compared with 831 at noon, 83.0 at the opening, 82.9 at the previous close, and 85.7 six months ago.

The pound fell to a record closing low of $1.4450-1.4460, a loss of 1.10 cents from Friday. Sterling opened at $1.4535-1.4545, and touched an all-time low of $1.4440-1.4450. But the Bank of England was not seen to intervene, as the pound remained very firm against Continental currencies and the yen, rising to DM 3.9750 from DM 3.9550; FFr 12.04 from FFr 12.0050; SwFr 3.1725 from SwFr 3.1675; and Y340.75 from Y340.25.

D-MARK — Trading range against the dollar in 1983 is 27435 to 2.3320. November average 2.6847. Trade-weighted index 124.3 against 127.7 six months ago.

The D-mark continued to lose ground against the dollar in Frankfurt yesterday. Trading was very thin after the dollar's initial improvement with news of further U.S. economic growth and renewed Middle East tension underpinning the dollar. It was fixed at DM 2.7292 up from DM 2.7019 on Friday and the Bundesbank sold $14m at the fixing but was not seen intervening in the open market. The D-mark was also weak against the yen and Swis franc. The yen rose to DM 1.1660 per Y100, its highest level since the introduction of Frankfurt fixings in 1969 and up from DM 1.1615 on Friday. The Swis franc was fixed at DM 1.2519½ from DM 1.2457.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.3175 to 6.6060. November average 8.1659. Trade weighted index 66.5 against 69.0 six months ago.

The French franc was weak in Paris yesterday, falling to a record low against the dollar and Swiss franc. It remained quite steady within the EMS however,

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,658.50 to 1,343. November average 1,625.7. Trade weighted index 49.1 against 51.5 six months ago.

The lira fell to a record low against the dollar in Milan but improved against the D-mark and Dutch guilder within the EMS.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9374	+2.31	+1.65	±1.5447
Danish Krone	8.14104	8.18176	+0.50	−0.16	±1.6425
German D-Mark	2.24184	2.26428	+1.00	+0.34	±1.0842
French Franc	6.87456	6.88155	+0.10	−0.56	±1.4052
Dutch Guilder	2.52595	2.53527	+0.37	−0.29	±1.4964
Irish Punt	0.72569	0.728109	+0.33	−0.33	±1.6699
Italian Lira	1403.49	1369.22	−2.44	−2.44	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Dec. 5	Previous
Spot	$1.4475-4485	$1.4590-4610
1 month	0.09-0.13 dis	0.09-0.11 dis
3 months	0.26-0.31 dis	0.23-0.25 dis
12 months	1.15-1.25 dis	0.98-1.08 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4440-1.4575	1.4450-1.4460	0.08-0.13c dis	−0.87	0.25-0.30dis	−0.76
Canada	1.8020-1.8120	1.8020-1.8030	0.06-0.16c dis	−0.73	0.16-0.26dis	−0.47
Nethlnd.	4.42½-4.45¼	4.44-4.45	1½-½c pm	3.37	3½-3 pm	2.82
Belgium	80.28-80.70	80.40-80.50	5-15c dis	−1.49	30-40 dis	−1.74
Denmark	14.29-14.36	14.32-14.33	4.65-5.70ore dis	−4.34	6.20-7.35dis	−1.89
Ireland	1.2660-1.2760	1.2740-1.2750	0.30-0.36p dis	−3.11	0.85-1.00dis	−2.90
W. Ger.	3.95½-3.98½	3.97-3.98	1½-½pf pm	2.64	3½-2½ pm	2.89
Portugal	187.50-189.50	188.50-189.00	125-335c dis	−14.62	495-985dis	−15.36
Spain	227.00-228.70	227.40-227.60	225-255c dis	−12.66	625-690dis	−11.56
Italy	2393½-2404	2397½-2398½	14-16lire dis	−7.50	43½-46½dis	−7.50
Norway	10.94-11.01	10.96¾-10.97¾	5.85-6.60ore dis	−6.75	11.45-12.25d	−4.32
France	12.02-12.08	12.03½-12.04½	3-4c dis	−3.49	11-12½ dis	−3.90
Sweden	11.60-11.65	11.60½-11.61½	2.75-3.30ore dis	−3.13	7.35-8.00dis	−2.64
Japan	339-342	340¼-341¼	0.75-0.65y pm	2.47	2.40-2.25 pm	2.73
Austria	27.96-28.04	27.92-27.97	7½-6½gro pm	3.06	21½-18 pm	2.82
Switz.	3.15½-3.19	3.16¼-3.17¼	1½-1¼c pm	5.20	4½-3½ pm	5.04

Belgian rate is for convertible francs. Financial franc 81.20-81.30. Six-month forward dollar 0.50-0.55c dis. 12-month 1.10-1.20c dis.

THE DOLLAR SPOT AND FORWARD

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4440-1.4575	1.4450-1.4460	0.08-0.13c dis	−0.87	0.25-0.30dis	−0.76
Ireland†	1.1350-1.1410	1.1355-1.1365	0.23-0.19c pm	2.22	0.63-0.58 pm	2.13
Canada	1.2435-1.2460	1.2455-1.2460	0.04-0.02c pm	0.29	0.10-0.08 pm	0.29
Nethlnd.	3.0535-3.0710	3.0665-3.0685	1.05-0.95c pm	3.92	2.83-2.73 pm	3.64
Belgium	55.35-55.58	55.54-55.58	4-5c dis	−0.97	16-20 dis	−1.30
Denmark	9.8480-9.8975	9.8925-9.8975	0.70-1.20ore dis	−1.15	¾-1¼ dis	−0.40
W. Ger.	2.7250-2.7550	2.7430-2.7440	0.90-0.85pf pm	3.83	2.51-2.46 pm	3.63
Portugal	130.00-130.50	130.20-130.50	70-180c dis	−11.52	300-625dis	−14.21
Spain	156.85-157.35	157.10-157.20	145-155c dis	−11.47	400-450dis	−10.83
Italy	1649½-1659	1658-1659	8½-9¼lire dis	−6.52	27½-28¼dis	−6.73
Norway	7.5470-7.5775	7.5725-7.5775	2.10-2.40ore dis	−3.57	5.20-5.50dis	−2.83
France	8.2960-8.3300	8.3150-8.3200	1.78-1.88c dis	−2.64	6.20-6.50dis	−3.05
Sweden	7.9990-8.0130	8.0025-8.0075	1.40-1.60ore dis	−2.25	3.75-3.95dis	−1.92
Japan	233.75-236.25	235.00-235.10	0.70-0.60y pm	3.32	2.02-1.92 pm	3.36
Austria	19.20-19.35	19.33½-19.34½	6.40-5.80gro pm	3.79	18-16 pm	3.52
Switz.	2.1725-2.2060	2.1880-2.1890	1.17-1.12c pm	6.27	3.15-3.10 pm	5.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.19-56.24.

OTHER CURRENCIES

Dec. 5	£	$		£ Note Rates
Argentina Peso	28.49-28.57	19.62-19.65	Austria	27.80-28.10
Australia Dollar	1.5955-1.5975	1.1000-1.1005	Belgium	81.10-81.90
Brazil Cruzeiro	1,320.3-1,328.5	909-914	Denmark	14.27-14.41
Finland Markka	8.4040-8.4270	5.8140-5.8190	France	12.00-12.18
Greek Drachma	142.15-142.75	97.95-98.45	Germany	3.95-3.99
Hong Kong Dollar	11.32¾-11.33¾	7.8125-7.8145	Italy	2380-2410
Iran Rial	128.10*	87.75*	Japan	339-344
Kuwait Dinar (KD)	0.4245-0.4250	0.29335-0.29348	Netherlands	4.42¼-4.46¼
Luxembourg Fr.	80.40-80.40	55.54-55.56	Norway	10.95-11.03
Malaysia Dollar	3.3940-3.4000	2.3410-2.3430	Portugal	189-195
New Zealand Dlr.	2.2140-2.2190	1.5265-1.5290	Spain	225¾-237
Saudi Arab. Riyal	5.0555-5.0600	3.4807-3.4812	Sweden	11.58-11.68
Singapore Dollar	3.0870-3.0930	2.1290-2.1310	Switzerland	3.15¼-3.18¼
Sth. African Rand	1.7575-1.7615	1.2160-1.2185	United States	1.44¼-1.46¼
U.A.E. Dirham	5.3335-5.3390	3.6720-3.6750	Yugoslavia	215-221

* Selling rates.

CURRENCY MOVEMENTS

Dec. 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.1	−7.8
U.S. dollar	129.7	+17.6
Canadian dollar	92.0	+0.5
Austrian schilling	114.6	+3.1
Belgian franc	89.7	−11.7
Danish kroner	78.6	−5.7
Deutsche mark	124.3	+6.6
Swiss franc	150.8	+13.7
Guilder	114.5	+4.2
French franc	66.5	−15.1
Lira	49.1	−12.0
Yen	154.9	+11.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Dec. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.719708	0.570511
U.S. $	8½	1.04624	0.828952
Canadian$	9.73	•	1.03221
Austria Sch	3¾	20.1077	15.9283
Belgian F	10	57.9722	45.9374
Danish Kr.	7	10.3138	8.18176
D mark	4	2.85540	2.26428
Guilder	5	3.19940	2.53527
French F	9½	8.68379	6.88155
Lira	17	1727.34	1369.22
Yen	5	244.977	194.141
Norwgn Kr.	8	7.89807	6.27454
Spanish Pta	—	163.991	130.104
Swedish Kr	8½	8.37097	6.63825
Swiss Fr	4	2.27997	1.80803
Greek Dr'ch	20½	102.631	81.2705

•C$/SDR rate for Dec 2: 1.30609

EXCHANGE CROSS RATES

Dec. 5	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.446	3.975	340.8	12.04	3.175	4.445	2399.	1.803	80.45
U.S. Dollar	0.692	1.	2.744	235.1	8.318	2.189	3.068	1659.	1.246	55.55
Deutschemark	0.252	0.364	1.	85.72	3.029	0.798	1.118	603.5	0.453	20.24
Japanese Yen 1,000	2.935	4.242	11.67	1000.	35.33	9.310	13.04	7040.	5.290	236.1
French Franc 10	0.831	1.201	3.301	283.0	10.	2.635	3.692	1992.	1.497	66.82
Swiss Franc	0.315	0.456	1.253	107.4	3.795	1.	1.401	756.1	0.568	25.36
Dutch Guilder	0.225	0.325	0.894	76.66	2.709	0.714	1.	539.7	0.405	18.10
Italian Lira 1,000	0.417	0.603	1.657	142.1	5.019	1.323	1.853	1000.	0.751	33.54
Canadian Dollar	0.555	0.802	2.205	189.0	6.680	1.760	2.466	1331.	1.	44.65
Belgian Franc 100	1.243	1.797	4.941	423.6	14.97	3.943	5.525	2982.	2.241	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9-9⅛	9⅛-9⅜	9¼-9¾	5⅞-6	2⅞-3⅛	5⅝-5¾	12⅛-12⅜	15¾-16¾	9½-10	9½-10	5⅞-6	10¾-11¼
7 day's notice	9-9⅛	9¼-9½	9¼-9¾	5⅞-6	2⅝-2⅞	5⅝-5⅞	12-12¼	15-16	10½-11	10¼-10½	6⅛-6¼	11-11½
Month	9⅛-9¼	9¾-10	9¼-9½	6⅛-6¼	4⅛-4¼	6⅛-6⅜	12⅛-12⅝	15¾-16¼	10¾-11¼	10½-10¾	6¾-6⅞	11¼-11¾
Three months	9⅜-9½	9⅞-10⅛	9½-9¾	6⅛-6¼	4⅛-4¼	6⅛-6⅜	12⅞-13⅛	16⅝-17⅛	11¼-11¾	10⅞-11⅛	6½-6⅝	11¼-11¾
Six months	9⅜-9½	10⅛-10⅜	9⅝-9⅞	6⅛-6¼	4¼-4⅜	6⅛-6⅜	13⅝-14⅛	17½-18	11¼-11¾	11-11¼	6⅜-6⅝	11⅜-11⅞
One Year	9½-9⅞	10⅜-10⅝	9⅞-10⅛	6⅜-6⅝	4¼-4⅜	6½-6⅝	14½-14¾	18-18⅝	11¼-11¾	11-11¼	6⅜-6¾	11½-12

Asian $ (closing rates in Singapore): Short-term 9⅜-9½ per cent; seven days 9 7/16-9 9/16 per cent; one month 9¾-9⅞ per cent; three months 9⅞-10 per cent six month 10-10⅛ per cent; one year 10⅜-10½ per cent. Long-term Eurodollars two years 11⅛-11¼ per cent; three years 11⅝-11⅞ per cent; four years 12-12¼ per cent; five years 12⅜-12⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates steady

Interest rates showed little change on the London money market yesterday despite the weakness of sterling against the dollar on the foreign exchanges. Sentiment was helped by the overall improvement of the pound against Continental currencies, and the rise of the sterling on a trade-weighted basis.

Three-month interbank was quoted at 9½ per cent compared with 9 7/16 per cent, while the discount houses buying rate for three-month elegible bank bills eased to 8¾ per cent from 8 25/32 per cent.

The Bank of England provided help of £490m for the London money market on an estimated credit shortage of £450m. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £370m, while Exchequer transactions absorbed a further £347m. These were partly offset by a fall in the note circulation of £230m, and above target bank balances of £27m.

Before lunch the authorities gave assistance of £239m by buying £24m bank bills in band 2 (15-33 days) at 9 per cent; £115m bank bills in band 3 (34-63 days) at 8 13/16 per cent; and £100m bank bills in band 4 (64-91 days) at 8¾ per cent.

In the afternoon another £166m bills were purchased by way of £10m local authority bills in band 1 (up to 14 days) at 9 1/16 per cent; £10m bank bills in band 1 at 9 1/16 per cent; £58m bank bills in band 2 at 9 per cent; £43m bank bills in band 3 at 8 13/16 per cent; £7m Treasury bills in band 4 at 8¾ per cent; and £38m bank bills in band 4 at 8¾ per cent.

Frankfurt call money was firm at around 5.60 per cent, compared with 5.55 per cent on Friday, as banks bid for funds to build up minimum reserve requirements and fulfil year-end balance sheet needs.

Conditions in December are usually tight because of large tax payments, and liquidity will be drained tomorrow when a DM 4.6bn securities repurchase agreement expires. Although DM 8.9bn was made available through a securities repurchase pact on December 1 the interest rate of 6 per cent charged by the authorities, compares with 5.5 per cent for the previous agreement, and is regarded by the market as expensive, making banks reluctant to lend call money at a lower rate.

In Paris call money fell to 12⅛ per cent from 12¼ per cent. The Bank of France left its money market intervention rate at 12 per cent when it bought about FFr 11bn of first category paper maturing between December 21 and January 20.

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Dec. 5	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	12⅛	½-2½	5¾-5⅞	6.53125	17½-17⅞	8.95	—
One month	6.35-6.50	12 1/16-12 3/16	4⅛-4¼	6-6⅛	6.46875	17½-17⅞	10½-10¾	12⅛-12⅜
Two months	6.35-6.50	12⅛-12¼	4⅛-4¼	—	6.28125	—	—	12⅛-12⅜
Three months	6.35-6.50	12⅛-12¼	—	6⅛-6¼	—	17⅝-18	10⅞-11⅛	12⅛-12⅜
Six months	6.40-6.50	12¼-12⅝	—	6¼-6⅜	—	—	10⅞-11¼	12¼-12½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 5 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	9-9⅛	9-9⅛	9⅛-9¼	8¾-9⅛	—	—	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9-9⅛	8⅞-9	9⅛-9⅜	9	—	—	—	—	—
One month	9⅛-9 1/16	9 1/16-9 3/16	9 1/16	9⅜	9	9	8 15/16	9	8 27/32	9⅝
Two months	9 3/16-9⅛	9 3/16-9¼	9⅛	9½	9	8 13/16-8¾	8 13/16	8 13/16	8 13/16	9 13/32
Three months	9¼-9 5/16	9⅛-9⅜	9 5/16	9⅝	9	8 23/32	8 25/32	8 13/16	8⅞	9 15/32
Six months	9 7/16-9 9/16	9½-9⅝	9⅝	—	—	—	—	9-9 1/16	9 5/16-9 9/16	9½
Nine months	9 7/16-9½	9⅝-9¾	9⅛	—	—	—	—	—	—	—
One year	9⅝-9½	9 11/16-9⅞	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅜	—	9⅛	9.55-9.65	8¾-9⅛	8 13/16-9 1/16
Two months	9⅝-9⅜	—	9¼	9.60-9.70	8 13/16-9 1/16	8 13/16-9 1/16
Three months	9⅝-9⅜	—	9⅜	9.65-9.75	8 13/16-9 1/16	9 1/16-9 5/16
Six months	9½-9¼	—	9⅜	9.90-10.0	9⅛-9⅜	9 3/16-9 7/16
Nine months	9¾-9½	—	9¾	10.15-10.25	—	—
One year	9¾-9½	—	9⅞	10.25-10.45	9⅜-9⅝	9 11/16-10 1/16
Two years	—	10⅛	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11¼	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period October 5 to November 1, 1983 (inclusive) 9.393 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 9½ per cent from December 1, 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8666 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-six-month 9¾ per cent; six-12month 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for each 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10-10¼
Fed funds	9 5/16
Fed funds at intervention	9½

Treasury Bills

One month	8.50
Two month	8.90
Three month	8.94
Six month	9.16
One year	9.24

Treasury Bonds

Two year	99 11/32
Three year	99 17/32
Four year	99 9/32
Five year	99 9/32
Seven year	98 21/32
10 year	99 11/16
30 year	101¼

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. December 5)

3 months U.S. dollars

bid 9 7/8	offer 10

6 months U.S. dollars

bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Weaker trend

Prices fell in the London International Financial Futures Exchange yesterday. Values were marked down in early trading, following late falls in the U.S. bond market on Friday. The fall reflected a surprise $1.6bn rise in U.S. M1 on Friday and this was seen as the first in a number of sharp increases in the narrowly defined monetary aggregate between now and the end of the year. Banks' net borrowed reserves also remained high, giving rise to speculation that the Fed were keeping a tight rein on the supply of short-term funds and possibly even tightening a notch.

This combined with a further fall in U.S. unemployment to remove any thoughts of lower U.S. rates in the near term while an opening Federal funds rate for overnight money of 9¼ per cent also helped to push values lower. Renewed tension in the Middle East served to push cash rates firmer, further undermining prices in the futures market. The March Euro-dollar price opened at 89.68 down from 89.79 at Friday's close and touched a low of 89.63 before closing at 89.68.

Gilt prices fell quite sharply, reflecting a similar decline in the cash market as dealers showed concern over sterling fall to record levels against the dollar. The March price sank to a low of 107-19 from an opening level of 108-06 and closed at 107-20 compared with Friday's close of 108-22. Short sterling prices were marked down in reaction to firmer U.S. interest rates with the March delivery price finishing at 90.42 down from 90.52.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.28	90.28	90.24	90.31
March	89.68	89.69	89.63	89.79
June	89.34	89.34	89.30	89.45
Sept	89.07	89.07	89.05	89.22
Dec	88.79	88.79	88.77	88.93

Volume 2,630 (2,149)
Previous day's open int. 8,117 (8,075)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Dec	90.88	90.89	90.86	90.90
March	90.42	90.47	90.42	90.52
June	90.21	90.26	90.21	90.28
Sept	89.96	89.97	89.96	90.03
Dec	89.70	—	—	89.77

Volume 819 (649)
Previous day's open int. 4,655 (4,808)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-29	109-10	108-27	109-17
March	107-20	108-11	107-19	108-22
June	107-08	—	—	108-09
Sept	106-28	—	—	107-29
Dec	106-16	—	—	107-15

Volume 2,785 (1,538)
Previous day's open int. 3,099 (2,906)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 2 to 12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4500	1.4545	1.4500	1.4570
March	1.4527	1.4572	1.4520	1.4595
June	1.4555	—	—	1.4618

Volume 282 (154)
Previous day's open int. 2,392 (2,360)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3656	0.3670	0.3656	0.3683
March	0.3688	0.3702	0.3684	0.3724
June	0.3723	—	—	0.3759

Volume 140 (118)
Previous day's open int. 327 (322)

SWISS FRANCS
SwFr 125,000 $ per SwFr

Dec	0.4578	0.4591	0.4571	0.4616
March	0.4645	0.4661	0.4640	0.4682
June	0.4716	—	—	0.4753

Volume 6 (14)
Previous day's open int. 114 (126)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4260	0.4280	0.4260	0.4292
March	0.4301	0.4316	0.4294	0.4327
June	0.4337	—	—	0.4362

Volume 97 (36)
Previous day's open int. 211 (206)

CHICAGO

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	89.97	89.97	89.95	90.06
March	89.39	89.42	89.37	89.58
June	89.06	89.09	89.05	89.25
Sept	88.80	88.82	88.79	88.97
Dec	88.55	88.56	88.55	88.71
March	—	88.30	88.30	88.43

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4475	1.4545	1.4440	1.4575
March	1.4500	1.4570	1.4480	1.4595
June	—	1.4500	1.4500	1.4615
Sept	1.4550	1.4615	1.4530	1.4640
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-16	69-18	69-10	70-03
March	68-10	68-11	68-03	68-31
June	67-12	67-12	67-08	68-02
Sept	66-18	66-18	66-16	67-08
Dec	65-28	65-28	65-27	66-20
March	—	—	—	—
June	64-29	64-29	64-28	65-21
Sept	64-17	64-17	64-17	65-10
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-18	70-24	70-16	71-20
March	69-31	70-05	69-30	71-02
June	—	69-19	69-12	70-17
Sept	68-31	69-04	68-31	70-01
Dec	68-17	68-22	68-15	69-19
March	68-07	68-08	68-07	69-07
June	67-30	67-30	67-30	68-28
Sept	—	—	—	68-19
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.96	90.99	90.94	91.08
March	90.49	90.51	90.47	90.68
June	90.19	90.22	90.19	90.39
Sept	—	89.99	89.96	90.16
Dec	—	89.77	89.75	89.95
March	89.55	89.56	89.55	89.76
June	89.36	89.39	89.36	89.57
Sept	89.22	—	89.22	89.38

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.47	90.49	90.40	90.57
March	89.82	89.84	89.80	90.00
June	89.45	89.46	89.43	89.62
Sept	—	89.17	89.15	89.32
Dec	—	—	—	—
March	—	—	—	—
Sept	78.80	78.90	78.70	79.85

PERSONAL

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 5 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	99.00
Albania	Lek	10.02
Algeria	Dinar	(A) 7.1380
Andorra	French Franc	12.04
	Spanish Peseta	227.50
Angola	Kwanza	(CM) 45.4115
Antigua	E. Caribbean $	3.90
Argentina	New Peso	28.53
Australia	Australian $	1.5965
Austria	Schilling	27.945
Azores	Portugu'se Escudo	188.75
Bahamas	Ba. Dollar	1.4455
Bahrain	Dinar	0.5475
Balearic Isles	Spa. Peseta	227.50
Bangladesh	Taka	36.03
Barbados	Barbados $	2.8910
Belgium	B. Franc	(cm) 80.45 (fn) 81.25
Belize	B $	2.8910
Benin	C.F.A. Franc	602.0
Bermuda	Bda $	1.4455
Bhutan	Indian Rupee	15.13
Bolivia	Bolivian Peso	(O) 722.75
Botswana	Pula	1.6710
Brazil	Cruzeiro ††	1,324.4
Brit. Virgin Isles	U.S. $	1.4455
Brunei	Brunei $	3.09
Bulgaria	Lev	1.4702
Burma	Kyat	11.9366
Burundi	Burundi Franc	134.575
Cameroon	C.F.A. Franc	602.0
Canada	Canadian $	1.8025
Canary Islands	Spanish Peseta	227.50
Cape Verde Is.	Cape V. Escudo	105.50
Cayman Islands	Cay. Is. $	1.2045
Cent. Afr. Republic	C.F.A. Franc	602.0
Chad	C.F.A. Franc	602.0
Chile	Chilean Peso	125.20
China	Renminbi Yuan	2.8836
Colombia	Col. Peso	(F) 125.05
Comoro Islands	C.F.A. Franc	602.0
Congo (Brazaville)	C.F.A. Franc	602.0
Costa Rica	Colon	(U) 62.80
Cuba	Cuban Peso	1.2640
Cyprus	Cyprus £	0.805
Czechoslovakia	Koruna	(com) 9.80 n/c 17.06 (T) 16.45
Denmark	Danish Kroner	14.325
Djibouti	Djibouti Franc	257 (sg)
Dominica	E. Caribbean $	3.90
Dominican Repub.	Dominican Peso	(O) 1.4455 (7) 2.2810
Ecuador	Sucre	(O) 77.00 (F) 122.78
Egypt	Egyptian £	(U) 1.2075
Equatorial Guinea	Ekuele	455.0
Ethiopia	Ethiopian Birr	(P) 2.9800
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	14.325
Fiji Islands	Fiji $	1.5175
Finland	Markka	8.4155
France	French Franc	12.04
French C'tyin Af.	C.F.A. Franc	602.0
French Guiana	Local Franc	12.04
French Pacific Is.	C.F.P. Franc	219 (sg)
Gabon	C.F.A. Franc	602.0
Gambia	Dalasi	4.00
Germany (East)	Ostmark	3.975
Germany (West)	Deutsche Mark	3.975
Ghana	Cedi	43.584
Gibraltar	Gibraltar £	1.0
Greece	Drachma	142.45
Greenland	Danish Kroner	14.325
Grenada	E. Caribbean $	3.90
Guadaloupe	Local Franc	12.04
Guam	U.S. $	1.4455
Guatemala	Quetzal	1.4455
Guinea	Syli	34.15
Guinea-Bissau	Peso	60.85
Guyana	Guyanese $	4.3590
Haiti	Gourde	7.2275
Honduras	Lempira	2.98
Hong Kong	H.K. $	11.3325
Hungary	Forint	65.58‡‡
Iceland	I. Krona	41.21
India	Ind. Rupee	15.13
Indonesia	Rupiah	1,439.9
Iran	Rial	128.10 (sg)
Iraq	Iraqi Dinar	0.4543
Irish Republic	Irish £	1.2745
Israel	Shekel	140.5
Italy	Lira	2,398.75
Ivory Coast	C.F.A. Franc	602.0
Jamaica	Jamaica Dollar	4.55‡‡
Japan	Yen	340.75
Jordan	Jordanian Dinar	0.5425
Kampuchea	Riel	1,734.6
Kenya	Kenya Shilling	19.92
Kiribati	Australian $	1.5965
Korea (Nth)	Won	1.6045 (‖)
Korea (Sth)	Won	1,163.7
Kuwait	Kuwaiti Dinar	0.42475
Laos	New Kip	50.60
Lebanon	Lebanese £	7.7970
Lesotho	Maluti	1.7595
Liberia	Liberian $	1.4455
Libya	Libyan Dinar	0.4279
Liechtenstein	Swiss Franc	3.1725
Luxembourg	Lux Franc	80.45
Macao	Pataca	11.80
Madeira	Portug'se Escudo	188.75
Malagasy Republic	MG Franc	698.5
Malawi	Kwacha	1.85
Malaysia	Ringgit	3.3970
Maldive Islands	Rufiyaa	10.91
Mali Republic	Mali Franc	1,204.0
Malta	Maltese £	0.646
Martinique	Local Franc	12.04
Mauritania	Ouguiya	81.10
Mauritius	M. Rupee	18.22
Mexico	Mexican Peso	(F) 229.57 202.05
Miquelon	Local Franc	12.04
Monaco	French Franc	12.04
Mongolia	Tugrik	4.65 (‖)
Montserrat	E. Caribbean $	3.90
Morocco	Dirham	11.30 (sg)
Mozambique	Metical	(A) 60.05
Namibia	S.A. Rand	1.7595
Nauru	Australian Dollar	1.5965
Nepal	Nepalese Rupee	21.65
Netherlands	Guilder	4.445
Netherland Antilles	Antillian Guilder	2.5875
New Zealand	N.Z. Dollar	2.2165
Nicaragua	Cordoba	14.53
Niger Republic	C.F.A. Franc	602.0
Nigeria	Naira	1.105019 (sg)
Norway	Norwegian Krone	10.9725
Oman Sul'ate of	Rial Omani	0.5025
Pakistan	Pakistan Rupee	18.99
Panama	Balboa	1.4455
Papua N.Guinea	Kina	1.2460
Paraguay	Guarani	(O) 183.07 (F) 232.45
Peru	Sol	(exc)(A) 3,195.85
Philippines	Philippine Peso	20.08
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2165
Poland	Zloty	142.20
Portugal	Portugu'se Escudo	188.75
Puerto Rico	U.S. $	1.4455
Qatar	Qatari Ryal	5.2925
Reunion Island	French Franc	12.04
Romania	Leu	(Cm) 6.84 (N/C) 30.66
Rwanda	Rwanda Franc	144.60
St. Christopher	E. Caribbean $	3.90
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	3.90
St. Pierre	Local Franc	12.04
St. Vincent	E. Caribbean $	3.90
Salvador El	Colon	3.6380
Samoa American	U.S. $	1.4455
San Marino	Italian Lira	2,398.75
Sao Tome & Prin.	Dobra	57.50
Saudi Arabia	Saudi Ryal	5.05775
Senegal	C.F.A. Franc	602.0
Seychelles	S. Rupee	9.90 (sg)
Sierra Leone	Leone	(O) 3.65
Singapore	Singapore $	3.09
Solomon Islands	Solomon Is. $	1.7675
Somali Republic	Somali Shilling	25.35
South Africa	Rand	1.7595
Spain	Peseta	227.50
Spanish ports in North Africa	Peseta	227.50
Sri Lanka	S. L. Rupee	35.59
Sudan Republic	Sudan £ (u)	1.9020
Surinam	S. Guilder	2.5875
Swaziland	Lilangeni	1.7595
Sweden	S. Krona	11.61
Switzerland	Swiss Franc	3.1725
Syria	Syrian £	(A) (T) 10.0 (CM) 5.20
Taiwan	New Taiwan $	58.45
Tanzania	Tan. Shilling	17.87 (sg)
Thailand	Baht	33.27
Togo Republic	C.F.A. Franc	602.0
Tonga Islands	Pa'anga	1.5965
Trinidad	Trinidad & Tob. $	3.4690
Tunisia	Tunisian Dinar	1.015 (sg)
Turkey	Turkish Lira	388.89
Turks & Caicos	U.S. $	1.4455
Tuvalu	Australian $	1.5965
Uganda	Uganda Shilling	(335.0 (490.0 (3)
United States	U.S. Dollar	1.4455
Uruguay	Uruguay Peso	56.29
Utd. Arab Emirates	U.A.E. Dirham	5.33625
U.S.S.R.	Rouble	1.11403
Upper Volta	C.F.A. Franc	602.0
Vanuatu	Vatu	147.50
Vatican	Italian Lira	2,398.75
Venezuela	Bolivar	(4) 7.45 (5) 14.35 (6) 19.543
Vietnam	Dong	(O) 14.35 (T) 19.15
Virgin Island U.S.	U.S. Dollar	1.4455
Western Samoa	Samoan Tala	(A) 2.3440
Yemen (Nth)	Ryal	6.55 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.5015
Yugoslavia	New Y Dinar	183.4488
Zaire Republic	Zaire	45.6210
Zambia	Kwacha	2.00
Zimbabwe	Zimbabwe $	1.5920

* Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

German bank in £ issue debut

By Peter Montagnon in London

COMMERZBANK yesterday became the first German bank to launch a Eurosterling issue with the announcement of a £25m, seven year, 11½ per cent bond at par through Hill Samuel and S. G. Warburg.

The issue was launched into a lacklustre market with background depressants including the weakness of sterling against the dollar and lower prices of gilt-edged stock. The German bank plans to swap the proceeds for floating rate sterling debt to boost the resources of its London branch.

It is understood, however, that this was less a factor determining the timing of the issue than the need to get the bonds away well before the Christmas holidays. Yesterday the paper was quoted at a discount of 1¾ points, just within its two point selling concession.

SHF Bank bond average		
Dec 5		Previous
98.312		98.388
High	1983	Low
102.017		97.699

Fixed rate dollar bonds were marked down yesterday by around ⅜ point on scattered selling amid investor worries about the U.S. Treasury's funding requirements and last week's unexpected $1.6bn increase in M-1 money supply.

Swiss franc bonds were little changed, but German issues slid by about ¼ point because of the renewed strength of the dollar.

AMCA, the Canadian engineering concern, is raising DM 100m through an eight year, 8¼ per cent bond at par led by Deutsche Bank. Initial market response was slow because investors are unfamiliar with the borrower.

APPOINTMENTS

New chief for Philip Morris

PHILIP MORRIS, the world's largest tobacco group after BAT Industries, elected Mr Hamish Maxwell, *the English-born president of Philip* Morris International, to succeed Mr George Weissman as chairman and chief executive of the parent company when he retires on August 1.

Philip Morris announced Mr Maxwell's promotion to the number one job, in conjunction with a series of other management changes, in preparation for the retirement of Mr Weissman, who will be aged 65 next year and has been chairman since 1978.

Mr Maxwell took over as president and chief operating officer of the company yesterday as a preliminary to assuming the chairman's title.

Mr Maxwell, aged 57, joined the company in 1954 and has served in a number of executive posts including executive vice-president in Philip Morris International's Asia/Canada and Europe/Middle East/Africa regions

● ULTROLAB GROUP, the Swedish-based manufacturer of clinical chemistry analysers, has appointed **Dr Lennart Hammar** to its international sceintific board. He has worked for Ultrolab/Clinicon in Stockholm since the company's formation.

● KAISER ALUMINUM & CHEMICAL CORP has elected **Mr Alexander M. (Bud) Wilson**, chairman, chief executive and director of Utah International Inc, to its board. Mr Wilson joined Utah International, a San Francisco-based international mining company, in 1954 as a metallurgical engineer. He led the company in its transition from a construction to a mining company, and spearheaded development of its Australian metallurgical coal activities, which represent most of Utah's operations. In 1976, Utah became a wholly owned subsidiary of General Electric Co.

● **Mr Paul W. Prior and Mr John B. Zellars**, two savings institution executives, have been elected to the top posts in the UNITED STATES LEAGUE OF SAVINGS INSTITUTIONS. *Mr Prior has been elected* League chairman and Mr Zellars vice-chairman. Both will serve one-year terms. Mr. Prior is chairman and president of Henry County Savings and Loan Association. Mr Zellars is chairman and president of Georgia Federal Bank, a federal savings bank headquartered in Atlanta.

● To reinforce SALEN's organisation in the Far East, **Mr Jerker Nilsson**, *currently managing director* of Sven Salen AB, Stockholm, shipbrokers, has been named managing director of Salen, Japan, Tokyo, from the end of the year. To succeed Mr Nilsson, **Mr Carl-Axel Psilander** *has been named managing* director of Sven Salen AB. Mr Psilander, currently in charge of disposals and acquisitions at the company's ro-ro and ferry department, takes up his new appointment at the end of the year.

CERTIFICATES OF DEPOSIT

Scarcity gives U.S. bank CDs renewed popularity

BY WILLIAM HALL IN NEW YORK

ONLY 15 months ago investors were dumping their U.S. bank certificates of deposit (CDs) and rushing into U.S. Treasury bills as the international banking crisis precipitated a wide reluctance to hold U.S. bank paper.

However, U.S. bank CDs have recently staged a remarkable comeback.

Shortly after the Mexican crisis broke in the autumn of 1982, the differential between domestic U.S. CDs and *short-term U.S. Treasury* bills, the most favoured instrument for investors, widened sharply to a peak of about 300 basis points. By November last year, the relationship between domestic U.S. bank *CDs and Treasury bills* had returned to more normal levels, with the bank paper commanding a premium of between a half and three quarters of a percentage point over government bills of a similar *maturity.*

However, since then the gap between Treasury bills and domestic CDs has narrowed still further. CDs now trade at between only 25 and 40 basis points above Treasury bills. This compares with an average spread of 164 basis points in 1980, and 188 in 1981.

In addition, U.S. bank CDs now yield virtually the same as bankers' acceptances or commercial paper – *two instruments often* regarded as having a higher credit quality. In the three years to the end of 1982 these two instruments were trading on average at about 40 basis points below the U.S. three months CD rate.

The key factor explaining the CD's sudden return to popularity is that it has become a rather scarce animal, expecially in relation to U.S. Treasury bills, where supply has mushroomed. Over the 12 months to mid-November, outstand*ing negotiable CDs of the weekly* reporting U.S. banks – which must have assets of more than $750m (£500m) – have slumped by well over a third, or $55bn to $87.4bn. This is one of the sharpest falls in *recent memory.*

Corporate loan demand in the U.S. is still weak, which means that U.S. banks are not under pressure to buy wholesale money. However, the most important *factor* is that *the liability structure* of U.S. bank balance-sheets has changed dramatically over the past year.

Turning point was September 14 1982, when the U.S. finally de-regulated most of its interest rates. U.S. banks were permitted to offer money market deposit accounts (MMDA) to counter the competition from money market mutual funds. The success of the accounts has surprised the banks, and in the first *few months* well over $300bn has flowed in. Since the spring the in*flow has subsided*, but by mid-November $369bn was deposited in these accounts.

The MMDA's success has enabled banks sharply to reduce their reliance on issuing large-denomina*tion negotiable CDs, with a very* significant effect on some of them. Bank of America, for example, has taken in $12.7bn since it began offering the money market account which now constitutes 10 per cent of its total balance sheet.

At the same time, the banks do not appear to have damaged their existing deposit base unduly. Retail demand deposits at the weekly reporting banks have continued to climb over the past year, and at $138.7bn account for about 16 per cent of their total liabilities.

However, bankers are still unsure what will happen when U.S. loan demand picks up, and banks again begin to scramble for funds. *Will they concentrate their funding* efforts on the rates they offer on their MMDAs, or on more aggressively issuing negotiable CDs to make up *the shortfall?*

Some banks are worried about the potential for increased volatility in their liability structure resulting from their phenomenal success with the MMDAs, and still feel happier issuing CDs, where they can control their maturity structure better.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for December 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10⅛ 90	100	93½	94	−0⅛	−0½	11.67
Australia Comm 11¼ 90	100	100⅞	101⅜	0	−0⅝	10.99
Australia Comm 11½ 95	300	95⅛	95⅝	−0⅜	−0⅜	12.08
Australia Comm 11⅝ 98	100	96⅞	97⅜	−0⅛	−0¾	12.04
Bank of Tokyo 11 90	100	93⅞	94⅜	−0½	−0⅞	12.36
British Col Hyd 10⅝ 88	200	96⅛	96⅝	−0⅜	−0½	11.33
Britoil Fin 11⅞ 90	125	99½	100	+0⅛	−0¼	11.91
Canada 10⅞ 88	500	98¼	98¾	−0⅛	−0¼	11.28
C.C.C.E. 11¾ 97	100	92⅞	93⅛	0	−0⅞	12.87
C.C.C.E. 12⅝ 95	75	98⅝	99⅛	−0⅛	−0⅛	12.79
Can Imp Bk Com 11 90	75	92⅝	93⅛	−0⅝	−0¼	12.65
Citicorp O/S 10⅝ 90	100	90⅝	91⅛	−0⅝	−1½	12.49
Citicorp O/S 11¾ 90	100	96½	97	0	−0½	12.46
Cred Suisse BAH 10½ 90	150	98⅝	99⅛	−0⅜	0	10.73
Den Norsk Cred 11⅛ 93	50	92⅞	93⅜	−0⅛	−0¼	12.50
E.C.S.C. 11⅞ 90	75	99	99½	−0½	−0¾	12.01
E.D.F. 11⅛ 93	100	91⅝	92⅛	−0¼	−0⅞	12.62
E.E.C. 11 87	350	98½	99	0	−0⅝	11.38
E.I.B. 10¾ 93	200	91⅛	91⅝	−0⅝	−0¾	12.31
E.I.B. 11 91	125	94⅝	95⅛	−0⅝	−0⅝	12.07
Exportfinans 11½ 90	100	96⅛	96⅝	0	−0⅜	12.30
Electrolux 10½ 90	50	91⅞	92⅜	−0⅝	−0½	12.30
Enserch Fin 11⅜ 93	100	95⅛	95⅝	−0⅛	−0¼	12.41
Fuji Int Fin 10⅞ 90	100	92½	93	0	−0½	12.54
GMAC O/S Fin 11⅞ 90	100	99	99½	−0⅛	0	11.52
Honeywell Int 10¾ 90	100	95½	96	−0¼	−0⅞	11.71
Indust Bk Japan 10⅞ 88	100	97	97½	0	0	11.67
Indust Bk Japan 11⅞ 91	100	97½	98	−0¼	−0¾	12.33
Int Finance 11½ 89 WW	125	97¾	98¼	—	—	11.99
Japan Air Lines 10⅞ 98	42	91⅜	91⅞	0	−0½	12.11
Japan Air Lines 11 93	75	94¼	94¾	−0⅛	−0½	11.97
J.C. Penney 11⅞ 90	100	99½	100	−0⅛	−0⅞	11.91
J. P. Morgan 11¾ 90 WW	150	96⅞	97⅜	+0⅛	−0⅛	11.98
Levi Strauss Int 11 90	75	95⅝	96⅛	−0¼	−0⅞	11.01
L.T.C.B. 10¾ 90	100	92⅜	92⅞	−0¼	−0½	12.44
L.T.C.B. 12½ 90	85	100¼	100¾	−0½	−0⅞	12.38
Merrill Lynch 10⅝ 90	200	93⅝	94⅛	−0⅛	−0⅝	12.02
Mitsubishi Corp 10½ 90	100	93¼	93¾	−0⅛	−0⅝	11.98
Mitsubishi Fin 11⅜ 90	100	94⅞	95⅜	−0⅛	−0⅞	12.47
Nippon Credit 11 90	100	93¼	93¾	0	−0¼	12.49
Nippon Credit 11⅞ 90	100	96⅝	97⅛	−0⅝	−0½	12.57
Ontario Hydro 10¼ 90	250	93⅛	93⅝	0	−0⅛	11.74
Ontario Hydro 11¾ 90	200	100⅛	100⅝	−0¼	−0⅛	11.65
Pacific Gas & Elec 12 91	75	101⅞	102⅜	−0⅛	−0⅞	11.56
P.K. Banken 12 90 WW	75	96⅝	97⅛	−0¼	−0⅛	12.78
Quebec Hydro 11½ 92	100†	97⅛	97⅝	−0⅛	+0⅛	11.99
Saskatchewan Pr 10¾ 90	125	95⅜	95⅞	−0¼	−0⅜	11.75
Sears O/S Fin 11½ 88	125	100⅝	101⅛	−0½	+0⅛	11.23
Sears O/S Fin 11⅝ 93	150	97⅞	98⅜	−0⅛	−0¼	11.97
Sth Cal Edison 10½ 90	75	95	95½	−0⅝	−0⅝	11.56
Sumitomo Fin 10⅞ 90	100	92½	93	−0¼	−0¾	12.54
Texaco Capital 9¾ 90	150	90⅞	91⅜	−0½	−1⅛	11.82
Texaco Capital 10½ 93	200	93¾	94¼	−0½	−0¾	11.54
U.B.S. 10 88	100	97⅞	98⅜	+0¼	0	10.52
World Bank 11¼ 88	100	98⅝	99⅛	−0¼	−0⅝	11.64
World Bank 11¼ 90	200	96	96½	−0¼	−0½	12.07
World Bank 11½ 90	150	97⅜	97⅞	−0⅝	−0⅞	12.00
World Bank 12 93	200	99	99½	−0½	−1	12.11

Av. price changes: on day −¼, on week −½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅝ 93	100	99⅝	100⅛	−0¼	−0½	7.37
Arab Banking Corp 8 88	100	96⅛	96⅝	0	−0¼	8.92
Asian Dev Bk 8½ 93	200	99⅝	100⅛	0	−0¼	8.51
Austria, Rep 7⅝ 89	100	99⅞	100⅜	0	+0¼	7.65
Austria, Rep 8 93	100	101⅞	102⅜	+0¼	+1¼	7.72
Avon Int Fin 7½ 93	100	101	101½	0	−0⅜	7.38
Barclays O/S 8⅛ 98	250	97⅞	98⅜	−0⅛	−0¼	8.36
Beatrice Foods 7¾ 93	130	103⅞	104⅜	+0⅝	+0⅛	7.16
B.F.C.E. 8¼ 90	150	100⅝	101⅛	+0⅛	0	8.08
Dresdner Finance 4 90 WW	250	107¾	108⅛	0	−0¼	2.57
Dresdner Finance 4 90 XW	250	82¾	83½	−0⅛	0	7.32
E.C.S.C. 8 90	160	100	100½	−0⅛	−0¼	7.91
E.E.C. 8¼ 93	250	100¼	101	−0⅜	−0⅛	8.14
E.I.B. 8 93	200	98¼	98¾	−0¼	−0⅛	8.22
Eurofima 7½ 90	100	100¼	100¾	−0½	−0½	7.38
Europarat 8¼ 93	150	99	99½	−0⅝	−0⅝	8.34
Finland Rep 8 90	150	98⅛	98⅝	0	−0½	8.31
Int Standard Ele 7¾ 93	100	102⅞	103⅜	+0⅝	+0⅜	7.28
Ireland 8⅝ 91	150	100⅝	100⅞	−0⅛	−0⅛	8.50
Japan Dev Bank 7½ 90	100	100⅝	101⅛	−0⅛	0	7.29
L.T.C.B. 8 90	100	101	101½	0	−0½	7.74
Renault Acceptance 8 90	150	98⅛	98⅝	0	+0⅛	8.32
S.D.R. France 7⅞ 93	100	97⅛	97⅝	0	−0⅛	8.27
Sth African Tran 8¼ 90	100	99⅝	100⅛	+0⅛	+0⅝	8.26
World Bank 7½ 90	250	97⅞	98⅜	0	+0⅛	7.84
World Bank 7⅞ 88	300	99⅝	100⅛	−0¼	−0⅛	7.86

Av. price changes: on day −⅛, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7⅛ 91	57	79½	79¾	—	—	11.26
Bank of Tokyo 6 91	100	102	102½	−0⅝	0	5.63
Bergen, City of 5¾ 95	40	100½	100¾	+0½	+0⅜	5.67
Denmark 6⅝ 91	100†	101¾	102¼	0	−1¼	6.03
E.E.C. 6 93	100	101½	101¾	−0¼	0	5.78
Europarat 6⅛ 93	100	99	99¼	0	0	6.24
Ind Fund Finland 6¼ 91	40	101½	101¾	−0⅛	−0⅛	5.97
Int-Am Dev Bk 6 93	100	98¼	98½	0	−0⅛	6.22
Ireland 6½ 93	80	99¼	99½	+0⅛	+0⅛	6.59
Japan Dev Bank 5⅝ 93	100	102½	102¾	−0⅝	0	5.52
Jap Highway Pub 5⅝ 91	100	99⅞	100⅛	−0⅛	−0⅛	5.62
Kansai Ele Power 6 91	100	102	102½	+0⅛	+0½	5.62
Kawasaki Steel 6⅛ 91	100	100½	100¾	−0½	−0½	6.01
Manitoba Prov 5½ 93	100	100¾	101	+0⅜	−0⅜	5.38
Mont Blanc Tunl 6⅝ 93	35	102½	103	−0⅛	+0⅛	6.00
Mount Isa Finance 6 93	100	102¼	102½	+0¼	+0⅜	5.67
MTG Bk Denmark 6¼ 91	80	99¼	99½	0	+0¼	6.35
New Brunswick 5¾ 93	100	101¾	102	0	−0⅛	5.50
Nisshin Steel 6⅛ 91	100	102¼	102½	—	—	5.44
Nippon Tel & Tel 5¾ 93	100	100¼	100½	+0¼	+0⅛	6.18
Osterr Post 6⅛ 91	100	102	102½	+0⅛	−0⅝	5.74
Quebec Province 5⅝ 93	100	99⅝	100	+0⅝	+0⅜	5.84
Shikoku Elec Power 6 91	100	101⅞	102⅛	—	—	5.68
Sumitomo Heavy Ind 6 91	100	101⅛	101⅜	+0⅝	+0⅜	5.79
Tokyo Elec Power 5⅞ 91	100	102	102½	−0⅛	0	5.51
Trizec Corp 6⅛ 93	100	99¾	100	0	+0¼	6.14

Av. price changes: on day 0, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	106⅛	106⅝	0	0	7.50
E.I.B. 8¼ 92	15	103	103¾	0	0	7.68
Int-Am Dev Bk 7⅞ 93	15	100	100¾	0	0	7.82
New Zealand 7⅝ 89	15	102¾	103½	+0⅛	+0½	6.94
World Bank 7⅝ 93	20	99⅝	100⅜	+0⅛	+0⅛	7.50

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 C$	75†	100⅛	100⅝	−0⅛	−1	12.12
Norcen 12¾ 93 C$	60†	96½	97	−0⅛	−0⅛	13.33
TD MTG Corp 12½ 88 C$	40†	101	101½	0	−0¼	12.11
Quebec Hydro 12¾ 93 C$	50†	101⅝	102⅛	−0⅝	−0⅝	12.39
Royal Trstco 12⅝ 88 C$	50†	101⅛	101⅝	0	−0⅝	12.16
World Bank 12¼ 90 C$	75†	100⅛	100⅝	−0½	−1⅛	12.12
Xerox Canada 12 88 C$	40†	102	102½	−0⅛	−0⅛	11.33
E.I.B. 11⅛ 93 ECU	50	100⅛	100⅝	+0¼	+0¼	11.03
Genfinance 11 90 ECU	90	98½	99½	−0⅜	+1⅜	11.20
Algemene Bank 8¾ 88 Fl	150†	102⅛	102⅝	0	+0½	8.07
Bank Mees & Hope 9 88 Fl	75†	103	103½	0	+0⅝	8.14
Elect Sup Brd 8¾ 88 Fl	75†	97⅛	97⅝	0	0	9.43
P.H.P. 8¾ 88 Fl	50†	101⅞	102⅛	−0⅛	0	8.28
Swed Exp Cred 7¾ 88 Fl	100†	98	98½	0	0	8.21
World Bank 9 88 Fl	100†	106	106½	+2⅜	+3	7.37
O.K.B. 14 86 FF	400	100⅞	101⅞	+0⅛	+0¼	13.16
Solvay & Cie 14¾ 86 FF	200	102	103	0	+0¼	13.30
B.F.C.E. 11½ 88 £	50	99¼	100	0	+0¼	11.57
British Oxyg 11¾ 91 £	50	99¾	100½	−0⅛	−0⅛	11.69
CEPME 11⅛ 95 £	35	101¼	102¼	+0½	+1⅛	10.95
CIBA-Geigy Int 8¾ 93 £	25	98	99¼	+0½	+0¼	8.94
E.E.C. 11⅞ 91 £	50	101¼	102	−0⅛	0	11.51
E.E.C. 11⅞ 93 £	50	101⅛	101⅞	−0⅛	0	11.60
Fin For Ind 10½ 90 £	20	95⅝	96	−0⅜	+0⅛	11.46
Finland Rep 11⅞ 88 £	50	100½	101¼	0	0	11.59
Gen Elec Co 12½ 89 £	50	103⅞	104⅝	−0⅛	+0⅛	11.51
I.I.I. 10¾ 93 £	25	95⅛	95⅝	−0½	−0¼	11.55
I.I.I. 11½ 91 WW £	50	99⅞	100⅝	+0⅛	+0⅜	11.42
Mort Bk Fin 11¾ 89 £	15	98⅞	99⅝	−0¼	0	12.02
Norsk Hydro 12 90 £	30	101	102	−0¼	−1¼	11.62
Sweden 11¼ 93 £	50	98¼	98¾	0	−0¼	11.49
Swed Exp Cred 11¼ 88 £	30	98¼	99⅜	+0¼	−0⅜	11.50
World Bank 11⅛ 88 £	100	98¾	99½	0	−0¼	11.34
Eurofima 10 91 LuxFr	800	99⅝	100⅛	0	−0¼	9.97
Europarat 10¾ 93 LuxFr	800	100⅞	101⅞	+0⅛	−0¼	10.51

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 88	0¼	99⅝	99⅞	28/1	10.10	10.20
Caisse Nat Tels 5¼ 90	0¼	99⅜	99⅝	21/4	10	10.05
C.C.F. 5¼ 95	0¼	99⅜	99⅝	7/4	9.94	9.99
C.C.F. 5¼ 98	0¼	99¾	100⅛	24/3	10.19	10.18
Cepme 5¼ 88 WW	0¼	99¾	100	3/12	10.56	10.57
Cepme 5¼ 92	0¼	99⅞	100⅛	18/12	10½	10.50
Chemical NY 5¼ 94 ††	0⅛	100¼	100½	23/12	10	9.95
C.N.C.A. 5¼ 95 XW	0¼	99½	99¾	7/12	10	10.04
C.N.C.A. 5¼ 97	0¼	99⅝	99⅞	24/3	10.31	10.34
C.N.T. 5¼ 91	0¼	99½	99¾	6/5	10.19	10.23
Credit Foncier 5¼ 93	0¼	99½	99¾	6/4	10	10.04
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31	10.36
Credit Lyonnais 5¼ 97	0¼	99½	99¾	1/4	10	10.04
Denmark 5¼ 90	0¼	99¼	99½	13/4	10	10.06
Dresdner Fin 5¼ 93 XW	0¼	99⅞	100⅛	19/4	9.94	9.94
E.D.F. 5¼ 95 XW	0⅛	99¾	100	10/2	11⅜	11.38
E.E.C. 5 90	0⅛	100	100¼	5/1	10.10	10.17
First Interstate 5¼ 95	0⅛	99¼	99½	6/3	5¼	5.28
GZB 5¼ 98	0⅛	99½	99¾	29/5	5¼	5.27
Hispano 5¼ 95	0⅛	98	98¼	20/4	10	10.19
NZ Steel Dev 5¼ 92	0¼	99⅞	100⅛	22/12	10⅛	10.24
Soc Generale 5¼ 98 XW	0⅛	99⅝	99⅞	9/5	10.31	10.34
Société Générale 5¼ 95	0⅛	99¾	100	1/3	10.94	10.95
Sweden 5¼ 93	0¼	100⅛	100⅜	3/2	11.18	11.16
Sweden 5¼ 2003	0¼	99⅞	99⅝	17/5	5¼	5.28

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	125¼	126¾	+1½	2.82
Canon 7 97	7/82	680.2	235⅞	238⅞	+6⅞	6.23
Daiwa Sec Co 5½ 98	10/83	481.6	97¼	98	+0⅜	−1.11
Fanuc 3¾ 98	1/84	9142	113¼	114¼	—	7.18
Hitachi Cable 5¼ 98	2/82	515	106⅞	108⅝	+0⅝	1.22
Honda Motor 5¼ 98	8/83	834	124⅞	125⅞	+0¼	2.19
Honda Motor 5½ 97	3/83	759.5	144¼	145¾	+0¼	1.06
Konishiroku Photo 4 98	10/83	873	98¾	99¾	+1½	8.50
Kyowa Hakko 5¼ 97	2/83	762	114½	116	+0½	14.25
Minebea Co Ltd. 5½ 98	5/83	887	111⅛	112⅛	−0⅛	8.42
Mitsubishi Electric 5⅛ 98	6/83	396	108¼	109¼	+0⅛	4.13
Nippon Electric 5¼ 97	2/82	795.9	173¾	175¾	+1	4.14
Nippon Oil Co 5½ 98	4/83	984	117⅝	118⅝	+1½	5.02
Nissan Motor 5⅜ 98	4/83	780	105	106	+0½	2.10
Olympus Optical 6¾ 97	12/82	1157	106⅞	107⅞	+0⅝	8.07
Orient Finance 5¼ 97	3/82	827.2	94¾	95¾	−1⅛	3.41
Orient Leasing 5¼ 98	6/83	2880	88	89	−0⅝	−4.08
Secom 5 98	11/83	2920	136¼	138¼	+0⅛	−3.46
Yamaichi Sec Co 5 98	8/83	449.5	96½	97	0	−2.14
Yamanouchi Pharm'cal 4 90	10/83	1800	96¼	97¼	+0⅝	12.31
Bridge Oil 4¾ 93 SF	3/84	3.43	101¼	102½	—	17.23
Settsu Paper 3⅝ 93 SF	9/83	716	101¼	103¼	−0¼	14.22
Asics 5 92 DM	12/83	528	108	109	+0¼	7.54
Konishiroku 6⅝ 88 DM	6/82	816	120¾	121¾	+1⅜	3.46
Sam Realty 6¼ 92 DM	2/83	365	128	129	+1½	−3.04

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.